TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, [redacted] 1923

No. [redacted]160

THE STANDARD PARTS COMPANY, PETITIONER,

vs.

WILLIAM J. PECK.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

PETITION FOR CERTIORARI FILED DECEMBER 4, 1922.

CERTIORARI AND RETURN FILED FEBRUARY 1, 1923.

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(29,268)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1922.

No. 718.

THE STANDARD PARTS COMPANY, PETITIONER,

vs.

WILLIAM J. PECK.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

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JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., MARCH 7, 1923.

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1 **Caption.**

UNITED STATES OF AMERICA,
Northern District of Ohio,
Eastern Division, ss:

Record of the proceedings of the District Court of the United States within and for the Eastern Division of the Northern District of Ohio, in the cause and matter hereinafter stated, the same being finally disposed of at a regular term of said court begun and held at the City of Cleveland, in said District, on the first Tuesday in February being the 1st day of said month in the year of our Lord One Thousand Nine Hundred and Twenty-one and of the Independence of the United States of America, the One Hundred and Forty-fifth to wit: on Wednesday the 2nd day of March, A. D. 1921.

Present: Honorable D. C. Westenhaver, United States District Judge.

No. 547. Equity.

WILLIAM J. PECK

vs.

THE STANDARD PARTS CO.

Said action was commenced on the 4th day of May, A. D. 1920, and proceeded to final disposition at the term and day above written, and during the progress thereof, pleadings and papers were filed, process was issued and returned and orders of the Court were made and entered in the order and on the dates hereinafter stated, to wit:

2 **Bill of Complaint in U. S. District Court.**

(Filed May 4, 1920.)

To the Honorable Judge of said Court, in Chancery Sitting:

William J. Peck, a citizen of the United States and a resident of Peoria in the county of Peoria and State of Illinois brings this, his bill of complaint against the Standard Parts Co., a corporation organized and existing under and by virtue of the laws of the State of Ohio and having its principal place of business at Standard Parts Building, East 11th Street and Walnut Avenue, Cleveland, county of Cuyahoga and State of Ohio, and says:

1.

The jurisdiction of this Court in this suit depends upon the following grounds, to-wit:

This suit is brought for injunction, preliminary and perpetual, and accounting for profits and assessment of damages against the defendant upon the ground of infringement of letters patent of the United States of America No. 1,249,473 issued on the 11th day of December, 1917, to William J. Peck for Forming and Quenching Machines, a copy of which patent is filed herewith and marked "Plaintiff's Exhibit Plaintiff's Patent," the original whereof or a duly certified copy thereof is ready here in court to be produced, by which letters patent, the exclusive right to make, use and vend the said invention throughout the United States and the territories thereof were granted to this plaintiff.

Plaintiff states that he was, prior to the 11th day of December, 1917, the original, first and sole inventor of certain new and useful improvements in Forming and Quenching Machines not before known, used, described or patented, and having, before the same had been in public use or on sale in the United States, within the times and conditions prescribed by statute, and without abandonment or forfeiture, on or about March 12, 1917, in respect thereto, made application for letters patent therefor, and having complied in all respects with the requirements of the laws of the United States for the grant of letters patent for invention, whereupon after due proceedings in the patent office and on the 11th day of December, 1917, letters patent of the United States, No. 1,249,473 were duly
3 granted, executed, issued and delivered to the said William J. Peck for the above mentioned invention relating to Forming and Quenching Machines whereby was granted and vested in and to the said William J. Peck, his heirs and assigns for the usual term of seventeen years, the exclusive right to make, use and vend the said invention throughout the United States and the territories thereof, said patent being still in force and being now the sole property of said plaintiff.

2.

Plaintiff states that the defendant has made or has had made for it, and has used and is still using, in the City of Cleveland, Ohio, devices covered by the above mentioned letters patent in contravention of plaintiff's rights in the premises. Plaintiff is advised that this defendant is using devices covered by the above mentioned letters patent in places other than the City of Cleveland, Ohio, the exact location of such places being at present unknown to plaintiff and which plaintiff begs leave to ascertain, and introduce herein when ascertained.

3.

Plaintiff states that the exclusive possession of the rights as granted by the above mentioned letters patent of the United States are of great value, and the acts of infringement heretofore carried on are inflicting and threatening to further inflict great and irreparable loss to plaintiff, and defendant is thereby obtaining profits and gains due to

the said invention which belongs to the plaintiff, the amount of which plaintiff cannot ascertain except by the accounting herein prayed.

Wherefore, and because without adequate remedy except in this Court of Equity, plaintiff prays:

1. That the said The Standard Parts Co. be made party defendant hereto, and that said defendant be required to answer each and every allegation herein contained, fully and distinctly, but not under oath, answer under oath being hereby waived.

2. That a hearing be had upon the issues formulated by and through said answer, and that the rights of plaintiff in the premises be established and adjudicated; that a preliminary injunction issue herein against the said defendant, its agents, officers, attorneys, servants, employes and assigns enjoining and restraining the said
4 defendant, during the pendency of this suit, from making, using or vending any article or articles covered by the said United States Letters Patent No. 1,249,473 or from in any other manner infringing upon the rights secured to this plaintiff by the said Letters Patent before mentioned.

3. That upon final hearing herein the said defendant and its agents, officers, attorneys, servants, employees and assigns, be perpetually enjoined from, in any manner or form whatsoever using or employing upon or in connection with any Forming and Quenching Machines, or similar devices, or any portion thereof, not made, marketed or authorized by the plaintiff, the invention set forth in the above mentioned United States Letters Patent.

4. That the said defendant may be adjudicated and decreed to render a full, true and complete accounting for all profits, gains and advantages arising or accruing to it by reason of its wrongful acts in the premises, and that plaintiff have judgment and execution for the amount thereof.

5. That the said defendant be assessed for all damages arising and accruing to the plaintiff by reason of the wrongful acts of the defendant in the premises, and that the plaintiff have judgment and execution for such damages.

6. That plaintiff have such other and further relief in the premises, as may be consonant with justice and equity.

7. That subpœna issue to the said defendant herein, to be and appear before this Honorable Court on a day certain therein named, in the City of Cleveland, Ohio, there to answer, make, and abide the order of the court, and that said subpœna to the said defendant be directed to the marshal for the Northern District of Ohio, Eastern Division, for service thereof, and this plaintiff will ever pray. William J. Peck. —— ——, Solicitor for Plaintiff.

5–7 STATE OF ILLINOIS,
County of Peoria, ss:

William P. Peck, being duly sworn, deposes and says that he is the plaintiff mentioned in the foregoing bill of complaint; that he has read the foregoing bill of complaint and knows the contents thereof and has knowledge thereof as therein stated, and that the same is true

of his own knowledge and belief, except as to matters therein stated as upon information and belief, and as to those, he believes it to be true. William J. Peck.

Sworn to and subscribed before me this 28th day of April, A. D. 1920. John H. Cramer, Notary Public. (Seal.)

(Here follows U. S. Patent No. 1,249,473, marked pages 8-22, inclusive.)

23 **Answer in U. S. District Court.**

(Filed June 10, 1920.)

To the Honorable the Judges of the District Court of the United States in and for the Eastern Division of the Northern District of Ohio:

And now comes the defendant and, without waiving but saving and reserving for its benefit any and all rights and advantages under a motion, filed by it concurrently herewith, for more particular statement in the Bill of Complaint, but to the end that all preliminary questions respecting the pleadings may be raised, so as to be disposed of together, for its answer to said Bill of Complaint, or so much thereof as it is required to answer, says:

Defendant admits that it is an Ohio corporation and that its principal place of business is located in the Standard Parts Building, at East 11th Street and Walnut Avenue, Cleveland, Ohio.

For answer to Paragraph 1 of said Bill of Complaint, defendant states that it has no information respecting the averment that the plaintiff was the original, first and sole inventor of certain new and useful improvements in forming and quenching machines, forming the subject-matter of Letters Patent No. 1,249,473, other than is contained in said Bill of Complaint, and, therefore, leaves plaintiff to his proofs as to such averment. Defendant admits that said Letters Patent were issued to said William J. Peck, on the 11th day of December, 1917, but denies that plaintiff is or ever has been the true owner of said Letters Patent.

In answer to Paragraph 2 of said Bill of Complant, defendant denies that it has made or has had made for it and used and is still using, in the City of Cleveland, Ohio, devices covered by said Letters Patent in contravention of any rights of plaintiff. Defendant admits that it has used and is using devices similar to that illustrated in said Letters Patent in places other than in the City of Cleveland, Ohio, but avers that said devices were constructed and installed under the supervision of the plaintiff and under the terms and provisions of a certain contract dated August 23, 1915 by and between the

24 plaintiff and The Hess-Pontiac Spring and Axle Company for and in behalf of The Hess-Pontiac Spring and Axle Company and The Western Spring and Axle Company, a copy of which contract is attached hereto and marked Exhibit "A," and defendant

W. J. PECK. 8&9

FORMING AND QUENCHING MACHINE.

APPLICATION FILED MAR. 12, 1917.

1,249,473. Patented Dec. 11, 1917.

5 SHEETS—SHEET 1.

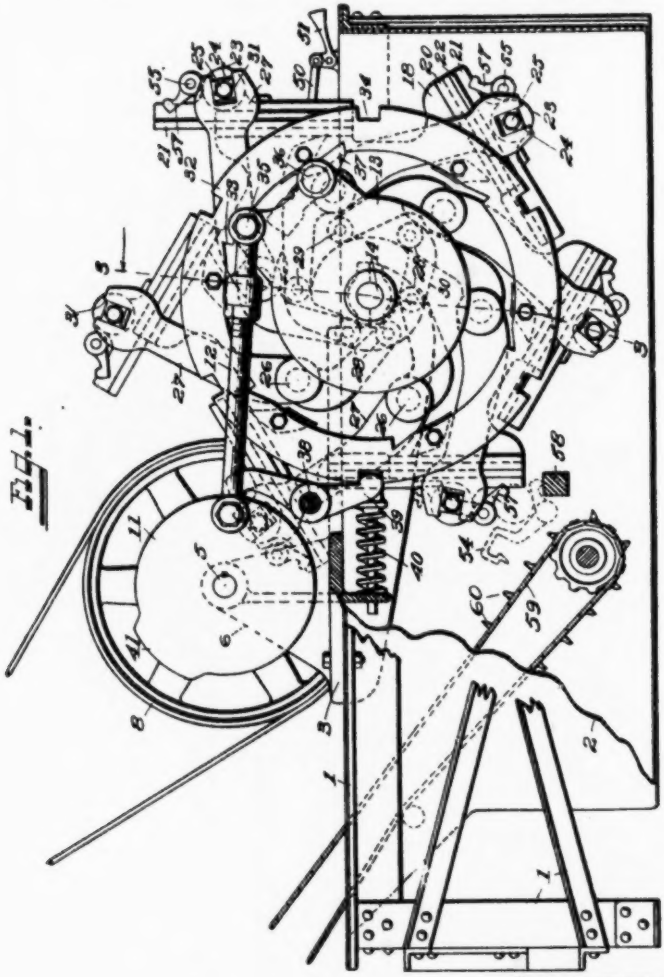


Fig. 1.

INVENTOR.

William J. Peck.

10&11

W. J. PECK.

FORMING AND QUENCHING MACHINE.

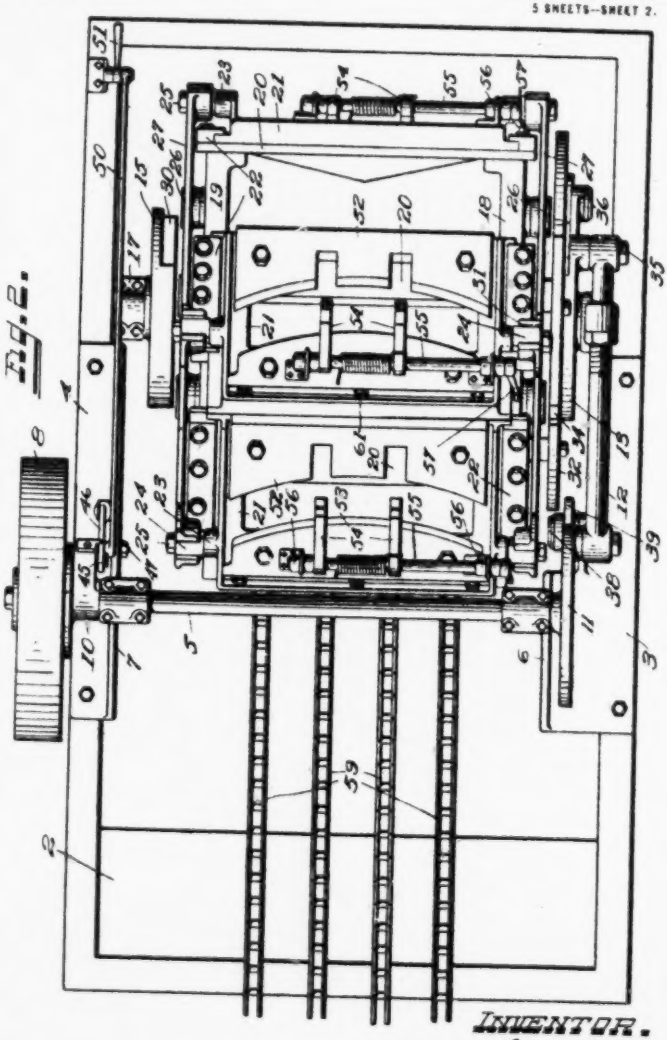
APPLICATION FILED MAR. 12, 1917.

1,249,473.

Patented Dec. 11, 1917.

5 SHEETS—SHEET 2.

Fig. 2.



INVENTOR.

William J. Peck.

W. J. PECK.

12&13

FORMING AND QUENCHING MACHINE.

APPLICATION FILED MAR. 12, 1917.

1,249,473.

Patented Dec. 11, 1917.

5 SHEETS—SHEET 3.

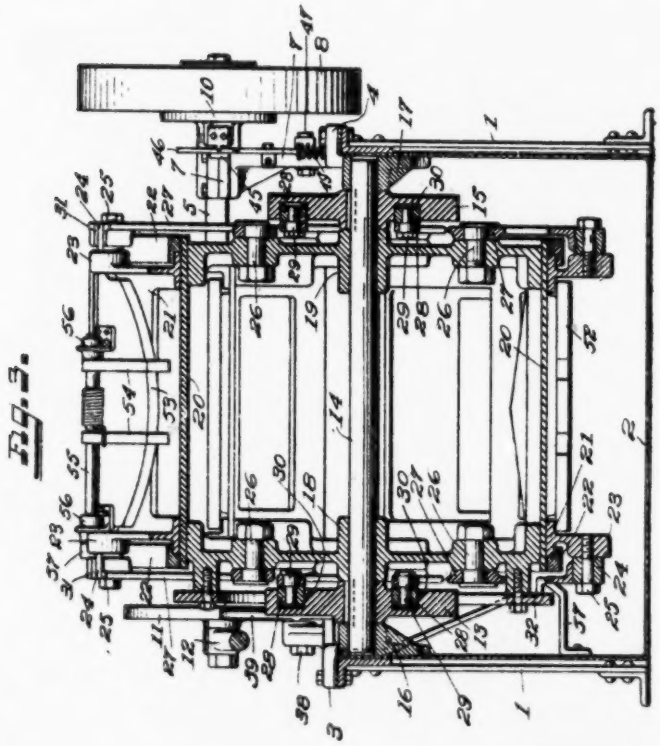


Fig. 3.

INVENTOR.

William J. Peck.

14&15

W. J. PECK.

FORMING AND QUENCHING MACHINE.

APPLICATION FILED MAR. 12, 1917.

1,249,473.

Patented Dec. 11, 1917.

3 SHEETS—SHEET 4.

Fig. 5.

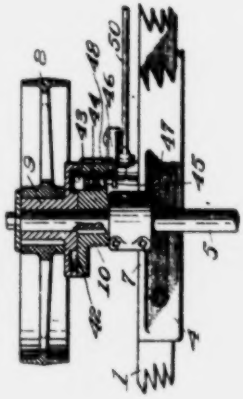


Fig. 7.

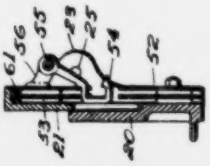


Fig. 6.

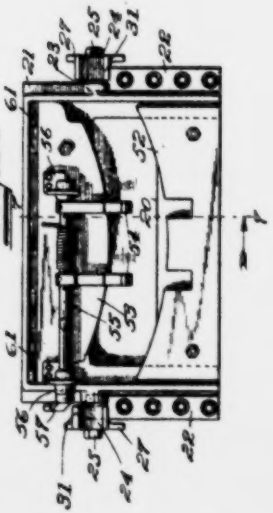
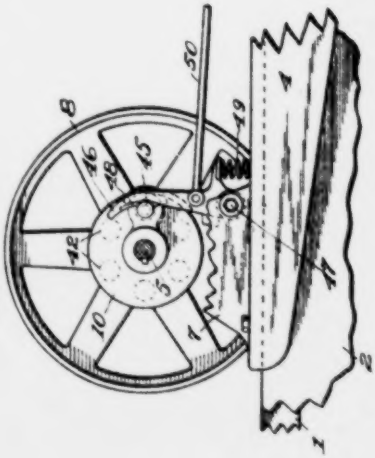


Fig. 4.



INVENTOR.

William J. Peck.

W. J. PECK.

FORMING AND QUENCHING MACHINE.

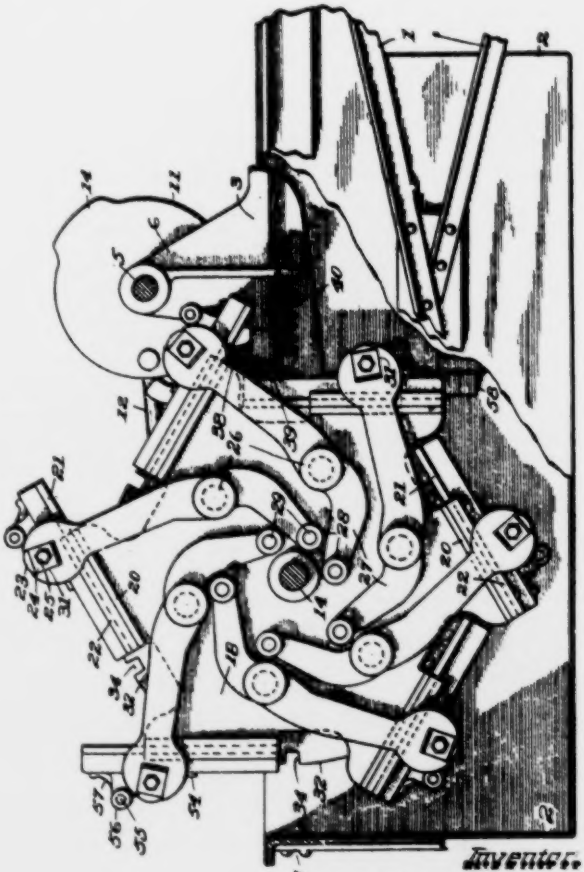
APPLICATION FILED MAR. 12, 1917.

1,249,473.

Patented Dec. 11, 1917.

3 SHEETS—SHEET 3.

Fig. 3.



Inventor.

William J. Peck

UNITED STATES PATENT OFFICE.

WILLIAM J. PECK, OF PEORIA, ILLINOIS.

FORMING AND QUENCHING MACHINE.

1,249,473. Specification of Letters Patent. Patented Dec. 11, 1917.

Application filed March 13, 1917. Serial No. 154,945.

To all whom it may concern:

Be it known that I, WILLIAM J. PECK, a citizen of the United States, residing at Peoria, in the county of Peoria and State of Illinois, have invented certain new and useful Improvements in Forming and Quenching Machines, of which the following is a full, clear, and exact description, reference being had to the accompanying drawings, forming part of this specification.

My invention relates more particularly to that class of machines which are suitable for use in the manufacture of leaf springs.

One object of my invention is to provide a machine in which the discharge of the formed and quenched product is accomplished automatically.

Another object is the provision of means whereby a complete cycle of operations is performed by a single rotation of the main drive shaft.

A further object of my invention is to so construct the machine that the forming or bending process is accomplished independently of the quenching.

Other objects of my invention will appear and be described throughout the specification.

In the drawings Figure 1, Sheet 1, is a side elevation of a machine embodying my invention, some of the parts being broken away.

Fig. 2, Sheet 2, is a plan view of Fig. 1.

Fig. 3, Sheet 3, is a front end elevation in section, the section being taken on the dotted line 3—3 of Fig. 1.

Fig. 4, Sheet 4, is a detail view of part of the driving mechanism, some of the parts being broken away.

Fig. 5, Sheet 4, is a sectional plan view of Fig. 4.

Fig. 6, Sheet 4, is a front elevation of one of the die heads and its associated parts.

Fig. 7, Sheet 4, is a section end view of Fig. 6 taken on the dotted line 7—7 thereof.

Fig. 8, Sheet 5, is a sectional side elevation similar to Fig. 1 but taken approximately on a line coincidental with the interior surface of the cam 15 of Fig. 3 and looking toward the center of the machine.

The same numerals of reference are used to indicate identical parts in all the figures.

Referring more particularly to Fig. 1, 1 represents a frame preferably composed of structural steel within which a sheet metal or other suitable tank 2 is mounted, the tank 2 being of a size and shape to fit within the frame 1 and adapted to contain a suitable quenching bath for the quenching of the product of the machine.

A pair of side brackets 3 and 4 are mounted on the sides of the frame 1 and are provided with suitable mountings for the various parts of the mechanism to be later described.

A drive shaft 5 is mounted in the upwardly extending portions 6 and 7 of the side brackets 3 and 4 respectively, and this drive shaft is provided with a loose driving pulley 8 which carries a driving clutch member 9. A driven clutch member 10, and a crank disk 11, are secured to the drive shaft 5 as shown clearly in Fig. 2, the crank disk 11 connecting through the medium of the connecting rod 12 with a cam 13 which is secured on the rock-shaft 14 (see Fig. 3), the rock-shaft 14 carrying a cam 15 which is similar to the cam 13 with the exception that it has no driving connection, the cam 15 being located near the opposite end of the shaft 14 from the end on which the cam 13 is located.

The shaft 14 is suitably journaled in extensions 16 and 17 of the brackets 3 and 4 respectively.

A pair of end members 18 and 19 are loosely mounted on the shaft 14 adjacent the cams 13 and 15 as clearly shown in Fig. 3, and these end members are connected together by the stationary die heads 20, in this instance there being six of such die heads, the die heads and the end members forming a spool mounted free to turn on the shaft 14 and between the cams 13 and 15.

Each of the stationary die heads 20 carries a movable die head 21 which is guided in proper relation to the die heads 20 by the gibs 22. An operating extension or lug 23 projects upwardly from each of the movable die heads 21 and a block 24 is secured to each of the lugs 23 by means of the stud 25.

Each of the end members 18 and 19 carries a series of studs 26 upon each of which an operating arm 27 is mounted, (in the construction shown there being six of the studs and arms for each end member) the arms 27 extending toward the shaft 14 and being each provided with a roller 28 carried by a stud 29, the roller 28 lying within the cam groove 30 (Figs. 1 and 3) of the cams 13 and 15.

The opposite ends of the arms 27 are slotted as at 31 to embrace the blocks 24

which are attached to the lugs 28 of the movable die heads 21.

It will be observed by referring to the shape of the cam groove 30 as shown in Fig. 1 that three of the rollers 28 are in that portion of the cam groove which is concentric with and near the shaft 14, while the other three rollers 28 are in that portion of the cam groove which is concentric with but arranged at the greatest radius from the center of the shaft 14 the result being that at all times three of the movable die heads 21 are in a closed position while the other three are in an open position.

A driving and locking ring 32 shown in Figs. 1, 2 and 3 is carried by the end member 18 and is provided with a series of driving notches 33 arranged on the inner diameter of the ring and a series of locking notches 34 arranged on the outer diameter thereof as clearly shown in Fig. 1.

In addition to being provided with studs 35 to which the connecting rod 12 is attached, the cam 13 also carries a stud 36 upon which a driving dog 37 is mounted, the dog 37 occupying a position adjacent to the inner diameter of the ring 32 so that it may engage the notches 33 thereof to cause the rotation of the ring 32 and with it the spool comprising the end members 18 and 19 and the series of die heads.

The bracket 3 is provided with a stud 38 upon which a dog 39 is mounted, one end of said dog being shaped to fit within the notches 34 of the ring 32 and being normally held into engagement therewith by the coil spring 40 as clearly shown in Fig. 1.

The crank disk 11 is provided with a cam rise 41 and the dog 39 extends to a point within the path of travel of this cam rise in such manner that when the crank disk 11 is rotated the dog 39 will be forced out of engagement with the notch 34 of the ring 32.

As illustrating one means of driving the shaft 5 from the constantly driven pulley 8, the clutch mechanism, shown in more detail in Figs. 4 and 5, may be employed, this mechanism consisting of the constantly rotating member 9 which is provided with a series of pockets 42, the clutch member 10 which is fast on the shaft 5 being provided with a pin 43 arranged on the same radius as the pockets 42 and adapted to engage any one thereof.

The pin 43 is pressed into engagement with one of the pockets 42 by the coil spring 44 which surrounds a portion of the pin 43 as will be readily seen by reference to Fig. 5. The head 45 of the pin 43 is adapted to be engaged by a finger 46 which is mounted on a stud 47 carried by the side bracket 4 as shown clearly in Fig. 4, the finger 46 being provided with an incline portion 48 which, after the manner of a wedge withdraws the pin 43 from one of the pockets 42 and thereby compresses the spring 44 and releases the clutch so that the shaft 5 remains stationary until the finger 46 is pulled out from under the head 45 of the pin 43 whereupon the spring 44 becomes effective to cause the engagement of the pin 43 with the next succeeding pocket 42 as the pulley 8 and with it the clutch member 9 revolves.

The finger 46 is normally pressed to a position to cause the disengagement of the pin 43 from one of the pockets 42 by means of a spring 49, Figs. 3 and 4, the finger 46 being operated through the pull rod 50 which may be connected to any suitable operating handle 51 by means of which the clutch mechanism of the machine may be engaged at the will of the operator. The handle 51 may either be arranged as shown or may be arranged to be operated by foot as will be readily understood.

For purpose of illustration I have shown each of the stationary die heads 20 provided with a die 52 which may be either a solid former as shown or may consist of adjustable keys, and I have also shown each of the movable die heads 21 provided with a die 53 which also may be either a solid former or consist of a series of adjustable keys by means of which the proper curvature or shape may be imparted to the work going through the machine.

I prefer to employ a pair of loading and discharge hooks 54 in connection with each of the movable die heads, the hooks being mounted on a rock-shaft 55 which is suitably journaled as at 56 and provided with an operating finger 57 which is so located as to come in contact with a stationary member 58 shown in Figs. 1 and 3.

In cases where the discharge hooks 54 are employed, the dies 52 are provided with notches as shown in Figs. 2 and 6 for the reception of the lower ends of the hooks 54 when the dies are closed.

To remove the finished product from the machine, a conveyer 59 is employed and arranged to be driven from any suitable source of power, the conveyer preferably consisting of a link belt which may be provided with projections 60, the conveyer occupying approximately the position shown in Fig. 1.

In order to provide a yielding pressure upon the material being operated upon, the former 53 may be mounted upon the movable die heads 21 in such manner that there will be a slight movement with relation thereto, the formers 53 being provided with cushion springs 61 located so as to bear against the formers 53 and force them toward the formers 52 in such manner that the material being operated upon will be subjected to the pressure of the springs 61 thereby automatically providing means to prevent injury to the machine should a piece

of material which is thicker than that for which the machine is set, be introduced.

The operation of the machine is as follows:

The drive pulley 8 is suitably connected to any source of power and is driven constantly. The operator assumes a position immediately in front of the machine, the front of the machine being the right hand end as shown in Figs. 1 and 2, in which position the operator faces one of the sets of dies as shown in Fig. 6 and places upon the hooks 54 a piece of material to be operated on and then depresses the handle 51 to cause the engagement of the clutch mechanism.

The parts as shown in Fig. 1 are in their proper relation for the commencement of a stroke of the machine and as soon as the clutch mechanism is engaged the shaft 5 is set in operation and its movement imparted to the cams 13 and 15 by drawing the upper part of said cam toward the rear of the machine until such time as the pin of the crank disk 11 has reached the limit of its rearward travel. This movement of the cams 13 and 15, through the operating arms 27 closes the dies which face the operator and opens the dies which are diametrically opposite thereto. The opening of the dies which are in the rear and vertical position causes the engagement of the finger 57 with the stationary member 58 whereupon the rock-shaft 55 is operated, thereby causing the hooks 54 to assume the position shown by the dotted lines in Fig. 1, in which position a piece of work carried by these hooks is discharged therefrom and on to the conveyer 59.

In addition to closing the dies facing the operator and opening the die diametrically opposite thereto, the first half turning of the drive shaft 5 withdraws the dog 37 from the notch 33 of the ring 32 and moves this dog to the rear to a position in which it engages the next notch of the ring 32 and simultaneously with such engagement the cam rise 41 of the crank disk 11 engages the upper portion of the dog 39 and swings the lower portion of said dog out of engagement with the notch 34 of the ring 32 whereupon, the completion of one revolution of the shaft causes the partial rotation of the whole die structure thereby carrying the previously closed die downwardly into the tank 2 and bringing the next succeeding die into position to be loaded, the dog 39 then engaging the next succeeding notch in the ring 32 and locking the structure against further rotation until the clutch mechanism is again operated.

The next operation of the machine shifts the position of the die structure another sixth of a turn, thereby bringing the material which is being quenched into a comparatively cool portion of the quenching bath while at the same time the motion of the die structure serves as a means of agitating the bath to prevent localized heating thereof.

It will be observed from the above that the closing of the dies is accomplished before any rotation is imparted to the die structure and is accomplished entirely independent of the rotation of the die structure though by the same driving mechanism, the result being that all of the power of the machine is available first for closing the dies and then for rotating the structure thereby permitting the operation of the machine on considerably less power than would be required where the closing of the dies was incidental to and a part of the rotation of the die structure.

It will be further observed that three of the die heads, namely those which are submerged in the quenching bath remain closed during their successive stages through the bath while the other three die heads remain open and ready to receive the incoming material.

Having thus fully described my invention I claim:

1. In a forming machine, the combination of a supporting structure, an intermittently revolving die structure mounted thereon, movable dies mounted on said die structure, means for operating said movable dies during the period between the intermittent revolution of said die structure whereby when one of said movable dies is closed another is opened, and means for intermittently rotating said die structure during the period between the operation of said die moving means.

2. A forming and quenching machine comprising a supporting structure, a tank for containing a quenching bath, an intermittently rotating die structure carried by said structure and partly contained within said tank, a pair of movable die heads carried by said die structure, means for intermittently rotating said die structure, the combination of operating arms mounted on said die structure and connected to said movable die heads, means for imparting motion to said arms, and means for partially rotating said latter means and said structure simultaneously.

3. A forming machine comprising a frame, a rock shaft journaled thereon, a die structure mounted free to turn on said shaft, a plurality of movable die heads carried by said structure, means for operating said die heads, and means for partially rotating said die structure when said rock shaft is operated in one direction.

4. A forming machine comprising a frame, an oscillating shaft journaled thereon, a die-structure mounted free to turn on said shaft, a plurality of movable die-heads carried by said structure, means for op-

erating said die-heads alternately when said shaft is oscillated in one direction, and means for partially rotating said die-structure when said shaft is oscillated in the opposite direction.

5. A forming machine comprising a frame, an oscillating shaft journaled thereon, means for operating said shaft, a die-structure mounted free to turn on said shaft, a plurality of movable die-heads carried by said structure, means for operating said die-heads alternately when said shaft is oscillating in one direction, means for partially rotating said structure when said shaft is oscillating in the opposite direction, and means for holding said structure against rotation when said last mentioned means are inoperative.

6. A forming machine comprising a frame, an oscillating shaft journaled thereon, means for operating said shaft, a plurality of movable die-heads carried by said structure, cams on said oscillating shaft, cam-actuated arms carried by said structure for operating said die-heads, means for partly rotating said structure, and means for holding said structure against partial rotation when said last named means are inoperative.

7. A forming and quenching machine comprising a frame, a receptacle mounted therein, oscillating shaft journaled on said frame, a die-structure mounted free to turn on said shaft, a plurality of movable die-heads on said structure, means for operating said die-heads alternately to close them above the surface of a quenching bath in said receptacle and to open them below the surface of the bath, and means for partially rotating said die-structure in one direction.

8. A forming and quenching machine comprising a frame, a receptacle mounted therein, an oscillating shaft journaled on said frame, means for oscillating said shaft, a die-structure mounted free to turn on said shaft, a plurality of movable die-heads carried by said structure, means for closing said die-heads above the surface of a bath in said receptacle and for opening them below the surface of the bath, means for partially rotating said die-structure, and means for holding said die-structure against partial rotation until said last named means become operative.

9. A forming and quenching machine comprising a frame, a receptacle mounted therein, an oscillating shaft journaled on said frame, a drive shaft journaled on said frame, a connection between said drive shaft and said oscillating shaft whereby the latter may be oscillated, a die-structure mounted free to turn on said structure, a plurality of movable die-heads carried by said structure, means for operating said die-heads alternately when said shaft is oscillated in one direction, means for partially rotating said structure when said shaft is oscillated in the opposite direction, and means for holding said structure against partial rotation while said last named means are inoperative.

10. A forming and quenching machine comprising a frame, a receptacle mounted therein, an oscillating shaft journaled on said frame, a drive shaft journaled on said frame, a connection between said shafts whereby the former is oscillated, a die structure mounted free to turn on said oscillating shaft and projecting into said receptacle, a plurality of movable die heads on said structure, means for operating said die heads alternately to close them above the surface of a quenching bath in said receptacle and to open them below the surface of the bath, means for partially rotating said die structure to submerge the closed die heads, and means for holding said structure against rotation until the rotating means becomes operative.

11. A forming and quenching machine comprising a frame, a receptacle mounted therein for containing a quenching bath, an oscillating shaft mounted on said frame, a drive shaft mounted on said frame and connected to said oscillating shaft, a rotating die structure mounted free to turn on said oscillating shaft, a plurality of movable die heads mounted on said structure, cam-actuated arms carried by said structure for operating said die heads, cams on said oscillating shaft and operating said arms, means operated by said drive shaft for imparting to said die structure a partial rotation, and means for holding said die structure against rotation when said last named means are inoperative.

12. A forming and quenching machine comprising a frame, a receptacle mounted therein, an oscillating shaft journaled on said frame, a drive shaft journaled on said frame, a driving connection between said shafts whereby the former is oscillated, a die structure mounted free to turn on said oscillating shaft and projecting partly into said receptacle, a plurality of movable die heads on said structure, a pair of cams mounted on said oscillating shaft, cam operated arms carried by said die structure and operated by said cams and connected to said movable die heads for closing said die heads above the surface of a quenching bath in said receptacle and for opening them below the surface of the bath, means for partially rotating said die structure to submerge the closed die heads, and means for holding said structure against rotation when said rotating means are inoperative.

13. A forming and quenching machine comprising a frame, a receptacle mounted therein, side brackets mounted on said frame and provided with depending portions affording bearings for an oscillating

shaft, an oscillating shaft mounted in said bearings, cams on said oscillating shaft adjacent said bearings, a die structure mounted free to turn on said shaft between said cams, a ring mounted on said die structure and provided with engagement portions for a driving dog, a driving dog carried by one of said cams and in position to coact with said ring to rotate said die structure, and means for oscillating said shaft to cause the engagement of said driving dog with said ring.

14. A forming and quenching machine comprising a frame, a receptacle mounted therein, brackets carried by said frame and provided with depending portions affording bearings for an oscillating shaft, an oscillating shaft mounted in said bearings, cams on said shaft adjacent said bearings, a die structure mounted free to turn on said shaft and between said cams, movable die heads on said die structure, operating arms carried by said die structure and operated by said cams for operating said movable die heads, a ring carried by said die structure and provided with portions adapted to be engaged by a driving dog, a driving dog carried by one of said cams and adapted to engage portions of said ring, and means for oscillating said shaft whereby when said shaft is oscillated in one direction one of said movable die heads will be operated and whereby when said shaft is oscillated in the opposite direction said driving dog will engage said ring to partially rotate said die structure.

15. In a forming and quenching machine, the combination of a frame, a receptacle mounted therein, an oscillating shaft journaled on said frame, a cam on said oscillating shaft, a die structure mounted free to turn on said shaft, movable die heads on said die structure, an arm carried by said die structure for each movable die head and adapted to be operated by said cam to operate said die head, an intermittently driving connection between said oscillating shaft and said die structure whereby when said shaft is oscillated in one direction one of said die heads will be operated and whereby when said shaft is oscillated in the opposite direction said die structure will be partially rotated, a drive shaft mounted on said frame, a connection between said drive shaft and said oscillating shaft whereby when said drive shaft is operated said oscillating shaft will be oscillated, and a clutch for controlling the movement of said drive shaft.

16. In a forming and quenching machine, the combination of a frame, a receptacle mounted therein, a revolving die structure mounted partly within said receptacle, dies carried by said die structure, means for opening said dies below the surface of a bath in said receptacle, a conveyer extending into said receptacle to a point adjacent the opening position of said dies, and means for transferring the product of the machine from said dies to said conveyer, said means operating simultaneously with the opening of said dies.

17. In a forming and quenching machine, the combination of a frame, a receptacle mounted therein, a die structure mounted on said frame and extending partly within said receptacle, means for operating the dies on said structure, said means being operative to open the dies below the surface of a bath in said receptacle, a conveyer extending into said receptacle, and means controlled by the opening of said dies for transferring the product of the machine to said conveyer while the product remains submerged in the quenching bath.

18. In a forming and quenching machine, the combination of a frame, a receptacle mounted therein, a die structure mounted on said frame and partly within said receptacle, movable die heads on said die structure, means for closing and opening said die heads, a rock shaft carried by each die head, a discharge hook on each rock shaft, means controlled by the opening of said die heads for operating said rock shafts to cause the discharge hooks to discharge the product of the dies on to a conveyer, and a conveyer extending into said receptacle for removing the product of the machine therefrom.

19. In a forming and quenching machine, the combination of a frame, a receptacle mounted therein, an oscillating shaft mounted upon said frame, a cam mounted upon said shaft and provided with a portion to which a connecting rod may be attached, a drive shaft mounted upon said frame and provided with a portion to which a connecting rod may be attached, a connecting rod extending from between the drive shaft and the cam whereby when said drive shaft is rotated said cam is oscillated, a die structure mounted on said oscillating shaft, a plurality of movable die heads on said die structure, cam operated arms carried by said die structure and operated by said cam for operating said die heads, a ratchet and pawl device operated by the movement of said cam and coacting with said die structure to partially rotate the latter, means for holding said die structure against partial rotation when said ratchet and pawl device is inoperative, a discharge device carried by each of said movable die heads for removing the product of the machine therefrom and on to a conveyer, and a conveyer extending within said receptacle to receive the product of the machine from said discharge device.

20. In a forming and quenching machine, the combination of a frame, a receptacle

mounted therein, an oscillating shaft mounted on said frame, a cam mounted on said oscillating shaft and provided with a portion to which a connecting rod may be attached, a drive shaft mounted on said frame and provided with a crank disk, a connecting rod extending from the crank disk of said drive shaft to said cam, a loose pulley mounted on said drive shaft, a clutch between said loose pulley and said drive shaft whereby the latter may be given one complete revolution for each operation of the machine, a die structure mounted on said oscillating shaft, a plurality of movable die heads mounted on said structure, operating arms carried by said die structure for moving said movable die heads, connection between said operating arm and said cam, a discharge device carried by each die head and adapted to be operated by a movement of said die head when the latter is in a certain position, and a conveyer mounted adjacent the operative position of said discharge device for removing the product of the machine therefrom.

21. In a forming and quenching machine, the combination of a frame, a quenching bath tank mounted therein, an oscillating shaft mounted on said frame, means for oscillating said shaft, a die structure mounted free to turn on said shaft, movable die heads carried by said die structure, means for maintaining said die structure against rotation in one direction, and means coöperating between said die structure and said oscillating shaft whereby when said shaft is oscillated in one direction one of said movable die heads will be closed and another opened.

22. In a forming and quenching machine, the combination of a frame, a quenching bath tank mounted therein, an oscillating shaft mounted on said frame, means for oscillating said shaft, a die structure mounted free to turn on said shaft, movable die heads carried by said die structure, means for maintaining said die structure against rotation in one direction, and means coöperating between said die structure and said oscillating shaft whereby when said shaft is oscillated in one direction one of said die heads which is above the surface of the quenching bath in said tank is closed and one of said die heads which is below the surface of the quenching bath is opened.

23. In a forming and quenching machine, the combination of a frame, a quenching bath tank mounted therein, an oscillating shaft mounted on said frame, means for oscillating said shaft, a die structure mounted free to turn on said shaft, movable die heads carried by said die structure, means for maintaining said die structure against rotation in one direction, means coöperating between said die structure and said oscillating shaft whereby when said shaft is oscillated in one direction one of said die heads which is above the surface of the quenching bath in said tank is closed and one of said die heads which is below the surface of the quenching bath is opened, and means controlled by the opening of said movable dies for discharging the product thereof.

24. In a forming and quenching machine, the combination of a frame, a quenching bath tank mounted therein, an oscillating shaft mounted on said frame, means for oscillating said shaft, a die structure mounted free to turn on said shaft, movable die heads carried by said die structure, means for maintaining said die structure against rotation in one direction, means coöperating between said die structure and said oscillating shaft whereby when said shaft is oscillated in one direction one of said die heads which is above the surface of the quenching bath in said tank is closed and one of said die heads which is below the surface of the quenching bath is opened, means controlled by the opening of said movable dies for discharging the product thereof, and a conveyer for removing the product from the quenching bath in said tank.

25. In a forming and quenching machine comprising a frame, a quenching bath tank, an intermittently revolving die structure mounted partly within said tank, movable die heads on said die structure, the combination of oscillating means for closing and opening said movable die heads and for intermittently rotating said die structure the said means moving with said die structure when the latter is intermittently rotated.

26. In a forming and quenching machine comprising a frame, a quenching bath tank, an intermittently revolving die structure mounted partly within said tank, movable die heads carried by said structure, means for operating said die heads, the combination of oscillating means for operating said movable die heads when said die structure is stationary said oscillating means carrying means for partially rotating said die structure after the operation of said movable die heads.

27. In a forming and quenching machine comprising a frame carrying a quenching bath tank and provided with a movable die structure operating partly within the tank said die structure carrying movable die heads and means for closing said die heads, the combination of means for opening said die heads under the surface of the bath in the tank whereby the product of said die heads will be discharged onto a conveyer the product remaining submerged in the bath until removed therefrom by the conveyer.

WILLIAM J. PECK.

Copies of this patent may be obtained for five cents each, by addressing the "Commissioner of Patents, Washington, D. C."

avers that it has succeeded to the entire assets, business and good will of said Companies, including all of the rights of said Companies in and to said contract and in and to said devices. Defendant also avers that the plaintiff was fully compensated for his services, in connection with said devices, wherefore defendant believes and avers that this action is not brought in good faith but is for the purpose of intimidating, harassing and embarrassing this defendant.

For answer to Paragraph 3, defendant denies that any of its acts are inflicting or threatening to inflict any loss whatsoever on plaintiff and further denies that it has obtained any profits or gains which belong to the plaintiff.

As an offset or counter-claim to the averments of said Bill of Complaint, defendant says:

First. That all of invention in the subject-matter of said Letters Patent No. 1,249,473 was made by the plaintiff while in the employ of defendant's predecessors in business, The Hess-Pontiac Spring and Axle Company, of Pontiac, Michigan, and its owner, The Western Spring and Axle Company, of Cincinnati, Ohio, under a contract dated August 23, 1915, a copy of which is attached hereto and marked Exhibit "A"; and defendant avers that it has succeeded to the entire assets, business and good will of said Companies, including all of the rights of said Companies in and to said contract and in and to the invention described in said Letters Patent.

Second. That the device described and illustrated in said Letters Patent No. 1,249,473 formed a part of the apparatus designed and constructed under the supervision of the plaintiff, under said contract of August 23, 1915.

Third. That the plaintiff was so employed for a period of, approximately, one year and eight months, and paid, while so employed, a salary of Three Hundred Dollars ($300.00) per month, and that at the conclusion of his employment, the plaintiff was paid a bonus of Six Hundred and Sixty Dollars ($660.00).

Fourth. That prior to and during his said employment, plaintiff practiced as an attorney-at-law and solicitor of patents, with offices in Peoria, Illinois, and, in addition to his services in connection with the development and construction of said apparatus, the plaintiff acted as patent solicitor for his employers, The Hess-Pontiac Spring and Axle Company and the Western Spring and Axle Company, as such, made patent investigations in reference to said apparatus and prepared application for patent therefor, one of which applications matured into patent No. 1,249,473.

Fifth. That plaintiff deliberately and with intent to defraud his employers, The Hess-Pontiac Spring and Axle Company and The Western Spring and Axle Company, and in violation of his fiduciary relation to his employers, as their attorney, deceitfully omitted to make an assignment of said applications, to his employers, and that, as a result of this failure to make due assignment, the said patent No. 1,249,473 was issued to the plaintiff, notwithstanding the fact that the plaintiff's employers were the true owners of the invention described in said patent.

Sixth. Defendant is informed and believes and, therefore, avers that said plaintiff has, during the years 1919 or 1920, or both, represented himself to others to be the true and rightful owner of said patent No. 1,249,473, and has sold rights under said patent, and that such sale of rights has yielded or will yield to plaintiff certain moneys, the exact amount of which is unknown to the defendant.

Seventh. That plaintiff obtained, in some manner unknown to defendant, copies of defendant's shop drawings, relating to the device described in said patent No. 1,249,473, and used or permitted the same to be used by others, for the purpose of building devices for one of defendant's competitors in business, notwithstnding the fact that said drawings were made by this plaintiff, or under his supervision, at the expense of defendant's predecessors, The Hess-Pontiac Spring and Axle Company and The Western Spring and Axle Com-
26 pany, and plaintiff well knew that said drawings were the exclusive property of this defendant or its predecessors, as aforesaid, and the use thereof for the benefit of defendant's competitor in business was repugnant to equity and fair dealing.

This defendant therefore prays:

First. That the Bill of Complaint be dismissed at plaintiff's cost.

Second. That this defendant be adjudged the owner of the invention forming the subject-matter of patent No. 1,249,473, granted December 11, 1917, and also the owner of any and all inventions developed by the plaintiff, in connection with his employment by The Hess-Pontiac Spring and Axle Company and The Western Spring and Axle Company, under the contract of August 23, 1915.

Third. That this plaintiff be ordered to make an assignment, to the defendant, of said patent No. 1,249,473 and all other patents or pending applications for patent, relating to the apparatus designed and constructed for The Hess-Pontiac Spring and Axle Company and The Western Spring and Axle Company, under the contract of August 23, 1915, upon defendant accounting to said plaintiff for the Government fees in the matter of said patents and applications.

Fourth. That this plaintiff be ordered to account to the defendant for any and all sums received or to be received from the sale of rights under said patent No. 1,249,473, or from the sale of any rights respecting the apparatus designed for The Hess-Pontiac Spring and Axle Company and The Western Spring and Axle Company, under the contract of August 23, 1915.

Fifth. That, in the event defendant is not adjudged the owner of the invention described in patent No. 1,249,473 and all other inventions developed by plaintiff under the contract of August 23, 1915, in accordance with prayer Second, then the defendant be adjuged a licensee under said patent No. 1,249,473 and any and all other patents that have been obtained or may be obtained for apparatus designed by plaintiff under the contract of August 23, 1915, with right to make, use and sell such apparatus, without reservation.

27 Sixth. And for its costs, damages and such other and further relief as to this Court may seem just. The Standard Parts Company, By P. A. Connolly, Secretary.

Tolles, Hogsett, Ginn & Morley, Bert M. Kent, Solicitors and Counsel for Defendant.

STATE OF OHIO,
County of Cuyahoga, ss:

P. A. Connolly, being duly sworn, deposes and says that he is the Secretary of The Standard Parts Company, the defendant in the above-entitled cause; that he has read the foregoing answer and counter-claim of said The Standard Parts Company and knows the contents thereof and that the same is true of his own knowledge except as to the matters therein stated to be on information and belief, and as to those matters he believes it to be true. P. A. Connolly.

Subscribed and sworn to before me this 10th day of June, 1920. A. L. McKee, Notary Public. (Seal.)

Exhibit "A" to Answer.

Memorandum of Agreement.

Entered into by and between The Hess-Pontiac Spring and Axle Co. of Pontiac, Oakland County, Michigan, hereinafter called First Party, and William J. Peck, of Peoria, Peoria County, Illinois, hereinafter called Second Party.

This agreement witnesseth, that second party is to devote his time to the development of a process and machinery for the pro-
28 duction of the Front Spring now used on the product of The Ford Motor Co. and Second party is to pay First party for such services the sum of Three Hundred Dollars per month.

That should said process and machinery be finished at or before the expiration of four months from Aug. 11th, 1915 second party is to receive a bonus of One Hundred Dollars per month.

That when finished, Second party is to receive a bonus of Ten Dollars for each per cent of reduction from present direct labor as disclosed by the books of First Party.

Signed in duplicate this — day of Aug. 1915. (Signed) The Hess-Pontiac Spring and Axle Co., Per B. A. Litchfield, Pres., First Party. Signed in duplicate this 23rd day of Aug. 1915. (Signed) Wm. J. Peck, Second Party.

Reply in U. S. District Court.

(Filed July 6, 1920.)

To the Honorable the Judges of the District Court of the United States in and for the Eastern Division of the Northern District of Ohio:

And now comes William J. Peck, Plaintiff, and by way of reply to the offset or counter claim set up in the answer of the defendant, the

Standard Parts Co., or so much thereof as he is advised is necessary or material to be replied thereto, *and* says:

29 First. That the contract of August 23rd, 1915 between plaintiff and the Hess Pontiac Spring & Axle Company, a copy of which is attached to defendant's answer and marked Exhibit A, did not raise any contractual relation between plaintiff and the Western Spring & Axle Company of Cincinnati, Ohio, and further that said contract was not a contract which could be construed as passing any title to any inventions which might have been incorporated in the machinery built thereunder and that therefore, neither the Hess Pontiac Spring & Axle Company of Pontiac, Michigan, nor any other person, firm or corporation who might have been its owner or who might have purchased its assets, business and good will can have acquired any right, title or interest in and to invention described in letters patent No. 1,249,473, the patent sued on herein.

Second. Plaintiff admits that the device described in said letters patent was built as a part of the equipment furnished to the Hess Pontiac Spring & Axle Company under said contract of August 23rd, 1915, but denies that the building of such machinery under such contract passed any right, title or interest in and to any invention which might relate to such machinery.

Third. Plaintiff admits that the designing, building, experimental work and testing of the machinery built for the Hess Pontiac Spring & Axle Company of Pontiac, Michigan, required approximately one year and eight months during which time he received a salary of three hundred ($300.00) dollars per month, plus expenses, and that at the conclusion of his employment he received a bonus of six hundred and sixty ($660.00) dollars being the amount of ten ($10.00) dollars for each per cent of reduction of direct labor cost as called for in said contract, the figures compiled by the Hess Pontiac Spring & Axle Company showing a reduction of 66% in direct labor.

Fourth. Plaintiff admits that prior to and during the continuance and subsequent to the period of his employment under the said contract of August 23rd, 1915, he practiced as an attorney at law and solicitor of patents, with offices in Peoria, Illinois, but denies ever acting as solicitor of patents for either the Hess Pontiac Spring

30 & Axle Company or the Western Spring & Axle Company and denies that he ever prepared, filed or executed any applications for letters patent for or on behalf of either of said companies, and denies that any of such applications ever matured into the patent in suit; though plaintiff admits that for the purpose of determining whether or not any of the machinery which was being built under the above mentioned contract infringed any existing patents, he made a trip to Washington in July 1916 and there examined the prior art in that connection.

Fifth. Plaintiff denies that he deliberately, with intent to defraud, or in violation of any fiduciary or other relation to the Hess Pontiac Spring & Axle Company or the Western Spring & Axle Company, deceitfully or in any other manner omitted to make an assignment of any applications for letters patent or for the inventions set forth therein to the Hess Pontiac Spring & Axle Company or the Western

Spring & Axle Company and states that the said contract of August 23rd, 1915 did not contemplate the employment of plaintiff as an inventor nor as an attorney and that therefore the fifth charge in defendant's set off or counter claim is wholly and entirely without foundation in fact or equity and further that neither the Hess Pontiac Spring & Axle Company or The Western Spring & Axle Company were the owners of any interest whatever in or to the subject matter of the patent in suit, or owners of any interest which might be transferred to the defendant.

Sixth. Defendant is properly informed that the plaintiff represents himself as the true and rightful owner of said patent No. 1,294,473.

Seventh. In the seventh charge of the set off or counter claim of the defendant, solicitor and counsel for defendant directly accuses plaintiff of a proceeding which he knows is false. Plaintiff denies each and every charge therein contained and defies defendant to offer proof thereof in any particular. Plaintiff further denies that he has ever supplied shop drawings or copies of shop drawings relating to the device described in the patent in suit, to any competitor of defendant,
and denies that he retained or has, or has had, in his posses-
31 sion any shop drawings or copies of shop drawings of the machinery built for the Hess Pontiac Spring & Axle Company subsequent to the latter part of August 1918 or thereabouts at which time in pursuance of authority received from the Hess Pontiac Spring & Axle Company, he delivered to B. M. Kent, Esq., counsel for defendant, all of the shop drawings relating to the machinery in question, since which time he has not seen nor had in his possession any such drawings.

Wherefore plaintiff repeats the prayer for relief contained in the Bill of Complaint and makes the same a part hereof. William J. Peck. Edward O. Peck, Solicitor & Counsel for Complainant.

STATE OF ILLINOIS,
County of Peoria, ss:

William J. Peck, being duly sworn, deposes and says that he is the plaintiff in the above entitled cause; that he has read the foregoing reply, and knows the contents thereof; and that the same is true of his own knowledge except as to matters therein stated to be on information or belief, and as to those he believes it to be true. William J. Peck. Subscribed and sworn to before me this 3rd day of July, 1920. E. E. Cashman, Notary Public. (Seal.)

32 **Final Hearing Submitted in U. S. District Court.**

(Entered December 14, 1920, by D. C. Westenhaver, Judge.)

This day came the parties by their attorneys and this cause came on for final hearing on the pleadings and the evidence. And the Court having heard the oral motion of defendant for a judgment on the pleadings filed herein and arguments of counsel on same took this matter under advisement.

Order Approving Narrative in U. S. District Court.

(Entered October 15, 1921, by D. C. Westenhaver, U. S. District Judge.)

Now comes the plaintiff and presents to the court his certain narrative form of testimony taken at the trial of this cause, which being found by the Court to be true, is allowed, signed and sealed, and is hereby ordered to be filed in this cause.

Plaintiff's Narrative Form Bill of Exceptions in U. S. District Court.

(Filed Oct. 15, 1921.)

Be it remembered that, on the trial of the above entitled cause, in the District Court of the United States for the Northern District of Ohio, Eastern Division, before Hon. D. C. Westenhaver, Judge of said Court, at the October Term, 1920, of said Court, the following proceedings were had:

Trial commenced December 14, 1920.

Appearances: For the plaintiff, Edward O. Peck, Esq., for the defendant, Bert M. Kent, Esq., ,

33 *Plaintiff's Testimony.*

The plaintiff, WILLIAM J. PECK, offered himself as a witness, and, being first duly sworn, testified as follows:

Direct examination.

By Mr. Edward O. Peck:

My name is William J. Peck, age 43, residence 1509 Columbia Terrace, Peoria, Illinois, occupation patent lawyer and machine designer. I am the plaintiff and the one who on March 17, 1917, made application for U. S. Letters Patent which resulted in the issuance on December 11th, 1917, of Patent 1,249,473, the patent in suit. I built six of these machines for The Hess-Pontiac Spring & Axle Company, which machines were installed and in operation. I have two photographs taken of the machines after their installation in Pontiac, Michigan. (Photographs marked "Plaintiff's Exhibit- 1 and 2.") These machines were built under the contract entered into between The Hess-Pontiac Spring & Axle Company as parties of the first part, by B. A. Litchfield, President, and myself; this contract being dated the 23rd day of August, 1915. I have the original contract, which is the same as copy annexed to the answer.

The circumstances leading up to the making of this contract were on August 3rd, 1915, I received a telephone call from E. J. Hess at Carthage, Ohio, asking if I could meet him at Carthage on the follow-

ing day, which I did. On that date he explained to me that they had a problem at the Pontiac plant because of which it was necessary for them to make provision to reduce the cost of the production of springs, and in view of the fact I had been employed for the five years next preceding 1912 by the Hess Spring & Axle Company at Carthage, Mr. Hess thought probably I could be of some assistance to him in working out his problem. Mr. Hess, at that conversation, proposed to me that I become associated with his companies, and I considered the proposition he made verbally to me and on August 4th wrote him to the effect that I could not accept his proposition as outlined, after which we had another conversation and subsequent to that Mr. Litchfield and myself made a trip from Jackson, Michigan, to Pontiac, Michigan, thence to Detroit, Cleveland, Ohio, Canton, Ohio, and Harrison, New Jersey, to ascertain what, if any, machinery was available that could be incorporated into a spring making plant.

34 After our return from that trip, I designed an outfit or machinery, which was subsequently built, and it was shortly after my return from this trip that the contract in question was entered into and the work proceeded under that contract. I have a number of letters which refer to the subject of conversations held between myself and Mr. Hess, he being the principal stockholder of The Hess-Pontiac Spring & Axle Company. He promised me it was his intention to establish a special trial building department, which was to be put in my charge, for the erection of special machinery and experimenting on it. After he had made those promises to me I advised him that when that condition was fulfilled I would assign to the company any invention that might be made in relation to the machinery that I had built. The conversations themselves are not in the correspondence but the confirmation of them is. One of them was held at Carthage just after the formation of the contract and after the lay-out of the machinery, when it was determined that the building of this machinery might possibly involve some invention. Another of these conversations on this subject was held at Peoria at a time when Mr. Hess, Mr. Litchfield and Mr. Champ came to Peoria to inspect one of the forming and quenching machines which was then on demonstration. Those conversations were confirmed in the correspondence to the extent that the result of them matured into a proposition from Mr. Hess by which I was to become connected with The Western Spring & Axle Company, not The Hess-Pontiac Spring & Axle Company, with whom the contract was originally formed. The correspondence and these conversations were subsequent to the contract of August 23rd, 1915, with the exception that there are one or two letters here that precede the date of the contract but they are merely as to what the terms of that contract should be.

The Court: Now do you claim anything for your conversations additional to that which appears in the letters themselves which you have there?

The Witness: No, your Honor.

(Correspondence in question was marked for identification "Plaintiff's Exhibits 5 to 23, inclusive.")

(Narrative continued:) This is correspondence between myself and either Mr. Litchfield of The Hess-Pontiac Spring & Axle
35 Company or Mr. E. J. Hess, the principal stockholder of The Hess-Pontiac Spring & Axle Company, as well as President of The Hess Spring & Axle Company and The Western Spring & Axle Company. Those which appear to be carbon copies are carbon copies of the original letters which were made at the time the originals were made, the originals being sent by me and mailed to the parties to whom they were addressed on the dates they bear.

This contract remained in force until November 1st, 1917. On November 2nd, 1917, I received a check from the Hess-Pontiac Spring & Axle Company for $660. On the back of the check the following language occurs: "Amount in full to cover Bonus for per cent of Saving as agreed upon by W. J. Peck and B. A. Litchfield. Per memorandum agreement dated Aug. 23, 1915." That was received by me through the mails and I photographed the check and would like to offer in evidence "Plaintiff's Exhibits 24 and 25," photographs of that check. From that date on I performed no services for The Hess-Pontiac Spring & Axle Company under the agreement of August 23rd, 1915; and it is upon that payment and the fact I performed no further services, I based my answer that my contract ended on November 1st. My conclusion is an inference from those facts as a matter of law.

During the building of this machinery, I made complete working drawings, tracings and detail drawings of all dimensions, from which the various parts were built. These drawings were subsequently delivered to Mr. Kent, of counsel for defendant. I have a letter from Mr. Kent to Mr. Girl, dated August 17, 1918, in which the following language occurs: "I secured from Mr. Peck, and brought back with me, all of the drawings relating to the machinery and also copies of patents relating to the machinery, which he had obtained as a result of an investigation that he had made in Washington." At the time Mr. Kent requested the delivery of these drawings, I refused to make the delivery until after an order from The Hess-Pontiac Spring & Axle Company, as the drawings were the property of that company. Under date of May 18, 1918, I receiver a letter from Mr. Litchfield in which he said that he was delivering to me an order for the delivery of the drawings to Mr. Kent. The order accompanied the letter. I present as exhibits, letter and the order upon which I delivered the drawings to Mr. Kent.

36 (Said letters and order marked "Plaintiff's Exhibit 27.")

Mr. Peck: That is all the direct examination, your Honor.

The Court: You may file those documents, or copies of them, with the stenographer, and they will be received, under objection.

The said "Plaintiff's Exhibits 1 to 3 and 5 to 27" inclusive, were received in evidence and are attached hereto and made part hereof.)

JOHN E. BECKMAN, a witness called by plaintiff, being first duly sworn, testified as follows:

Direct examination.

By Mr. Peck:

My name is John E. Beckman, residence Detroit, age, 47, occupation mechanical engineer. In the practice of my profession it is necessary for me to be able to read and understand drawings as well as to make them. (Plaintiff's Exhibit 3 handed witness.) This photograph of drawing represents a side view of a forming and quenching machine. I have seen machines such as represented by that drawing in Cleveland, Pontiac and Flint. I understand the machines I mentioned in Pontiac were built by William J. Peck, and those I seen in Flint and in Cleveland built here by the Standard Parts Company. I saw those which were built in Cleveland in 1919 at the Central Development Company, located at 2208 Clarkwood Road, Cleveland. Two of them were machines I personally had taken from Pontiac and from Flint and that had been built by Mr. Peck sometime before that. Four new ones were built of the same type, embodying the same features as the ones in Pontiac. I had the management of the building of the machines. I worked for the Standard Parts Company. The drawings represent the machine built here in Cleveland of the new type. I first saw the machines represented by the photographs, "Plaintiff's Exhibits 1 and 2" in Pontiac in the fall of 1918.

No cross examination.

37 & 38 W. C. BECKER, a witness called by plaintiff, being first duly sworn, testified as follows:

Direct examination.

By Mr. Peck:

My name is W. C. Becker, residence Detroit, Michigan, age thirty years, occupation mechanical engineer. During the period from April, 1919 to December 1, 1919, I was employed by the Standard Parts Company of Cleveland and assisted in the building of forming and quenching machines. I assisted Mr. Beckman in making them.

The Court: I presume his testimony would be the same, merely corroborative?

Mr. Peck: Yes.

The Court: The record may show if he would testify he would corroborate the statements of Mr. Beckman.

Cross-examination.

By Mr. Kent:

I know about the building of these machines. There were four new machines built. I was at the plant of the Central Development Company at times but my office where I worked was at the general office. The machines at the Central Development Company were very nearly completed and I saw all of them completed.

Mr. Peck: That is our proof of the building of the machines and that is all I have to offer in the way of evidence.

The Court: Have you gentlemen any testimony you want to offer?

Mr. Kent: No, we have no evidence.

Plaintiff rested.
Defendant rested.

The above and foregoing, together with the exhibits attached hereto and made part hereof, was all the evidence offered and received at the trial of the above entitled cause.

(Here follow Plaintiff's Exhibits 1, 2, and 3, marked pages 39-44, inclusive.)

45 **Plaintiff's Exhibit No. 20.**

Letter of March 26th, 1917, to E. J. Hess.

(Filed Dec. 14, 1920.)

March 26th, 1917.

Mr. E. J. Hess, Hess Spring & Axle Co., Cincinnati, Ohio.

DEAR MR. HESS: I am in receipt of yours of the 23rd and will answer it by beginning at the bottom.

All three of the furnaces have been shipped, the last one should have arrived at its destination in Flint by now as it was shipped a couple of weeks ago.

One of the quenching machines is ready to ship now, the second one will be ready in a very few days, and the third one is well under erection. The other three will follow very quickly as practically all of the parts are out for them.

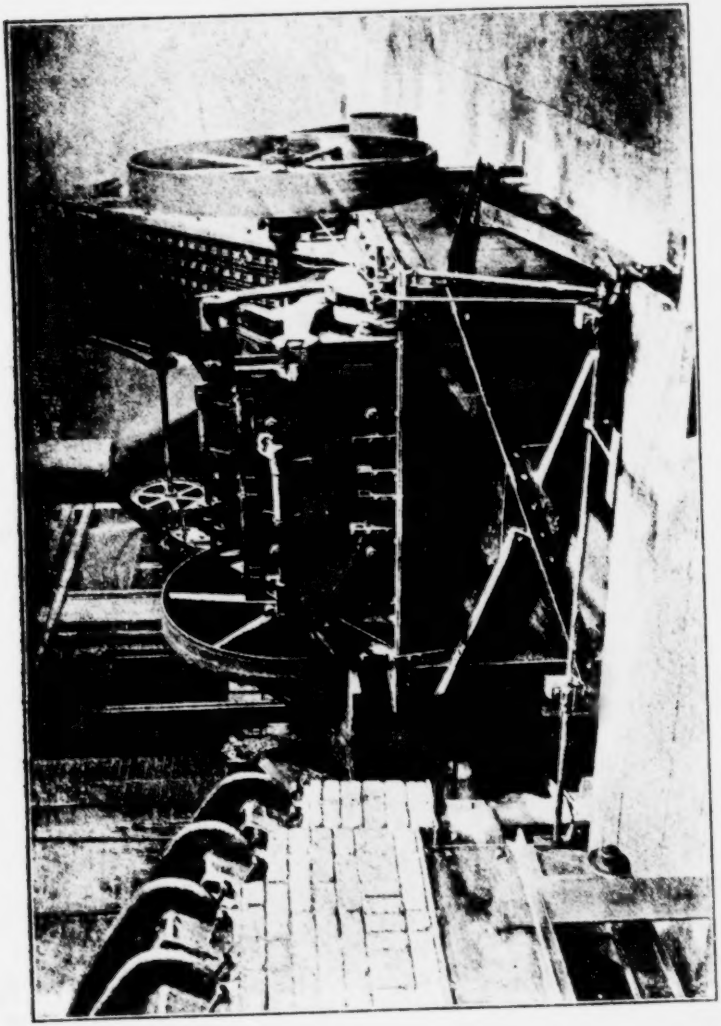
As to the first part of your letter, would say that any invention which may be incorporated in the machines which I built for Pontiac, in the absence of a special agreement transferring the property in those inventions, belong to me and not to Pontiac or the Western.

The doctrine of employer and employee, in so far as it affects the subject matter of inventions or patents has been well settled in a large number of cases, and it has been held that where there is no special

PLAINTIFF'S EXHIBIT 1 39&40

Photo of Machine in Pontiac, Michigan.

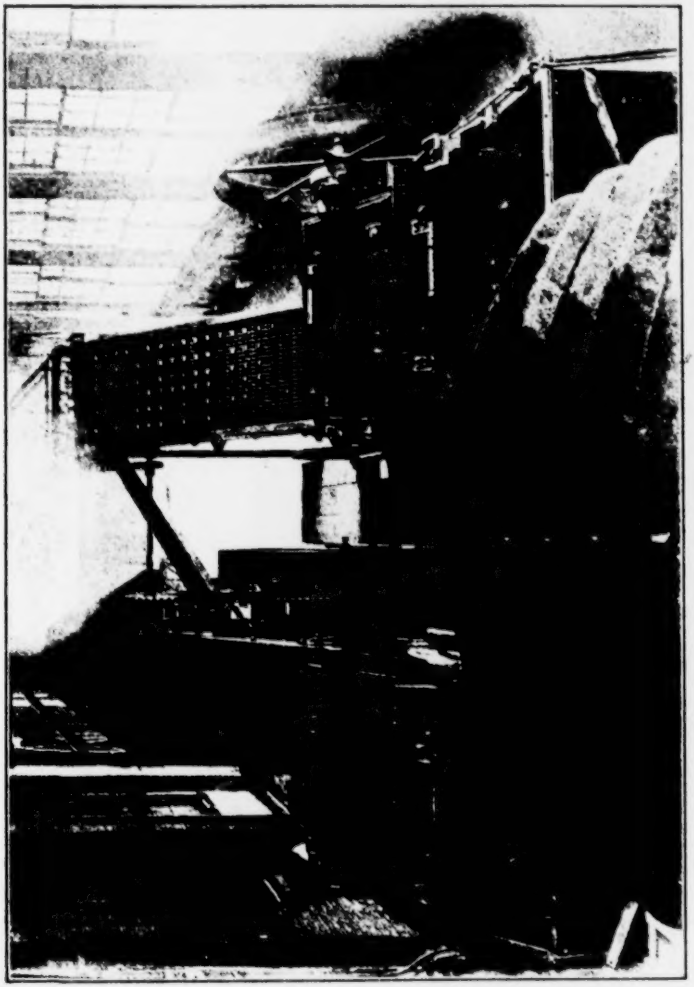
(Filed Dec. 14, 1920).

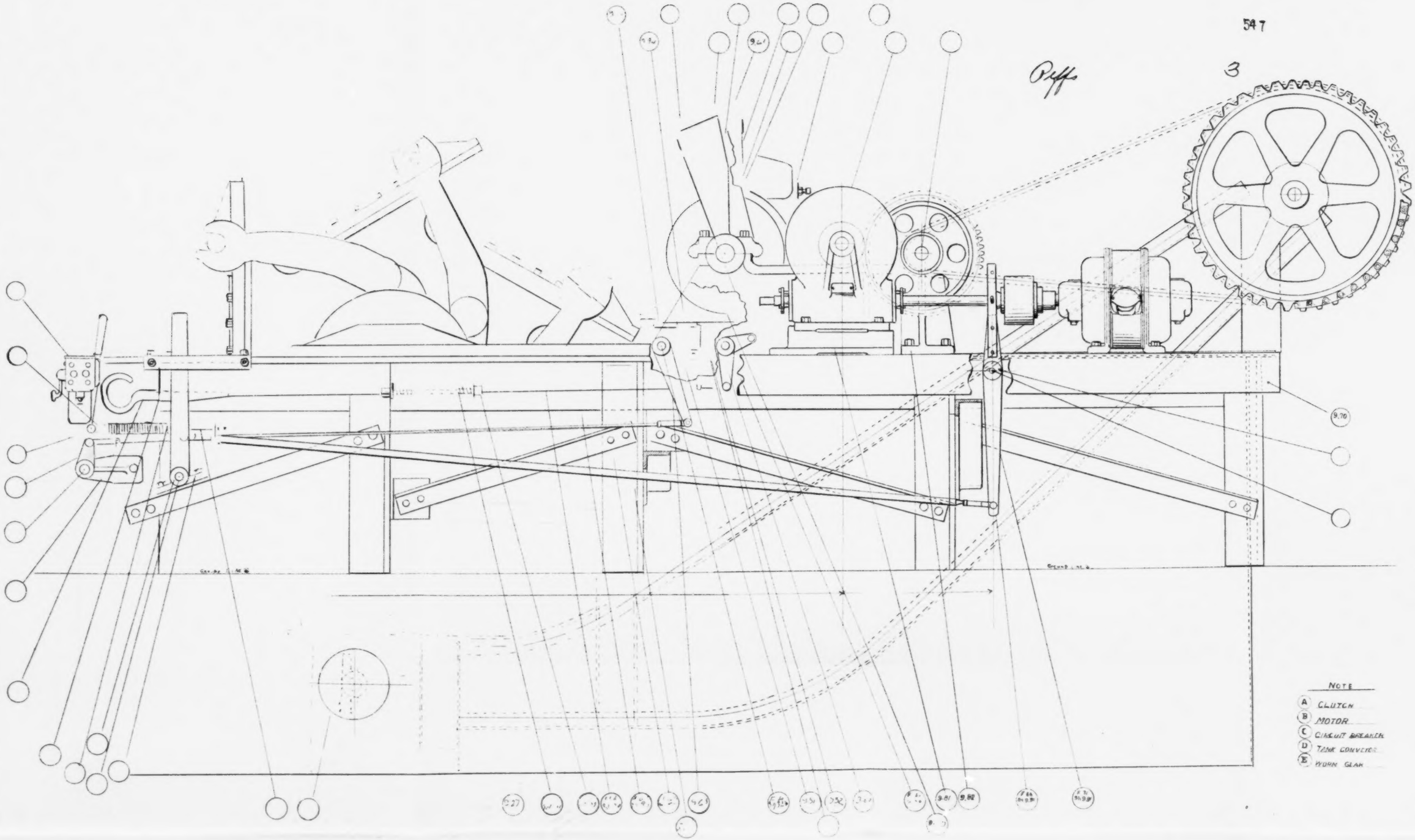


PLAINTIFF'S EXHIBIT 2. 41&42

Photo of Machine in Pontiac, Michigan.

(Filed Dec. 14, 1920).




547
Pfff
3
9.70
NOTE
A CLUTCH
B MOTOR
C CIRCUIT BREAKER
D TANK CONVEYER
Σ WORM GEAR

agreement by which the employee must invent something, and where the employee did make an invention and if the same was reduced to practice and the employer paid the expenses of such reductions, then the employer acquired a shop-right free of any royalty, to the use of the machines so built, but no interest in the invention itself or the patent to be obtained thereon.

My contract with Pontiac called for my services as a machine designer only.

If the Western Spring & Axle Company desires to secure whatever of invention may be present, or to secure an exclusive license under any patents that may be issued, I shall be very glad to enter into negotiations with them to that end.

46 In this connection also if the Standard Parts Company has taken over the Western Spring & Axle Company, and is the Standard Parts Company would like to secure any patents that may be issued on these machines, I would be glad to make the proper transfer for some of the Standard Stock or on any basis that would be mutually exceptable.

Please let me have your views on the matter, and oblige. Yours very truly, —— ——. WJP/MT.

47 **Opinion in U. S. District Court.**

(Filed Dec. 27, 1920.)

WESTENHAVER, *District Judge:* This action charges infringement by defendant of United States Letters Patent No. 1,249,473, issued to plaintiff December 11, 1917, on an application filed March 12, 1917. Defendant, by its answer, puts in issue the charge of infringement, but on this hearing mainly relies upon a counter-claim asserting equitable title to the invention covered by that patent, and prays that plaintiff may be required to assign the legal title thereto and account for such profits as may have been made from licenses granted by him.

Plaintiff's alleged invention was made or developed by him in the performance of a contract with The Hess-Pontiac Spring & Axle Company, all the property and assets of which have since been acquired by the defendant. This contract is dated August 23, 1915, and the material parts of it are as follows: "That second party (plaintiff) is to devote his time to the development of a process and machinery for the production of the front spring now used on the product of the Ford Motor Company, and second party (really first party) is to pay first party (really second party) for such services the sum of three hundrded dollars per month; that should said process and machinery be finished at or before the expiration of four months from August 11, 1915, the second party is to receive a bonus of one hundred dollars per month; that when finished, second party is to receive a bonus of ten dollars for each per cent of reduction from present direct labor, as disclosed by books of first party."

Plaintiff, by reply and on this hearing, admits this contract and does not deny that the patent covers the process and machinery which

was developed in performing this contract, but asserts that title to any invention made by him in delevoping the process and machinery under this contract belongs to him, and that the Axle Company acquired only a license or shop right; and that inasmuch as license or shop right thus acquired is personal to the licensee and not assignable, it was terminated by the transfer of the assets of the Axle Company to defendant.

48 On this hearing defendant rested its case on its counterclaim on these admissions in the pleadings. Plaintiff introduced in evidence his patent, and also testimony tending to show that since defendant acquired the property of the Axle Company, it has made and used or sold for use certain additional machines embodying the invention covered by his patent. No claim is made that defendant has not the right to use the four machines constructed for the Axle Company, but the construction for use and sale of additionel machines is said to infringe. In addition thereto, plaintiff offered other testimony, including certain correspondence exchanged between him and the Axle Company during the period of performance. This testimony tends to show that plaintiff's invention is for the process and machinery developed in performing this contract; that the plaintiff had no other employment with the Axle Company and performed and was paid for no other duties except as he was obliged by the written contract; that he was engaged eighteen months in the development of the process and machinery under said contract, and that since his contract was performed and his contractual relations with the Axle Company terminated, he has been paid a bonus of six hundred and sixty dollars by virtue of the last clause thereof. This evidence furnishes no aid in determining the question of ownership of the invention thus made, but does show that prior to the filing by plaintiff of his patent application, the Axle Company had asserted that any patentable invention in the process and machinery thus developed, belonged to it and that this claim was denied by plaintiff. If the plaintiff's contention is correct, the infringement is proved and the determination of this claim depends on the force and effect of the written contract.

Whether the invention thus developed accrued to the employer or whether title thereto remained in the employe, and the employer obtained only a license or shop right, would seem at first glance easy to decide. An examination, however, of the decisions of the United States Supreme Court and of other federal cases attempting to distinguish those cases, discloses a most confusing state of the law. A careful study of the cases persuades me that the question cannot be decided upon authority, but only by resort to fundamental principles, and that even then the question is not free from doubt.

49 Defendant's claim of ownership to the invention rests upon the proposition of law stated by Mr. Justice Brewer in Solomons vs. U. S., 137 U. S., 342. At page 346 he says: "If one is employed to devise or perfect an instrument, or means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accom-

plish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer." This statement of the law would seem to me to meet the lower court's findings of fact set forth as paragraph 1, and call for the conclusion that the invention belonged to the employer, the United States. Solomons, as assignee of Clark, the inventor, had, however, sued the United States to recover compensation for the use of the invention, and the defense seems to have been limited to a claim that an irrevocable license had accrued to the employer; and such had been the ground of the decision in the lower court. The Supreme Court's judgment appears to have been based on this ground, which, however, was all that was necessary to decide in order to dispose of the case. These considerations have led some judges to say that the statement of the law above quoted is only a dictum.

Later, in McAleer vs. United States, 150 U. S., 424, this statement of the law, with the sentence next following, was quoted by Mr. Chief Justice Fuller with apparent ap-roval and without criticism. In this case, however, no claim was, or, upon the facts, could justly be made by the employer to a greater right than an irrevocable license, and the case was disposed of solely on that ground.

In Gill vs. United States, 160 U. S., 426, Mr. Justice Brown delivering the opinion says: "There is no doubt whatever of the proposition laid down in Solomons case, that the mere fact that a person is in the employ of the government does not preclude him from making improvements in the machines with which he is connected, and obtaining patents therefor, as his individual property, and that in such case the government would have no more right to seize upon and appropriate such property, than any other proprietor would have. On the other hand, it is equally clear that, if the patentee be employed to invent or devise such improvements his patents
50 therefor belong to his employer, since in making such improvements he is merely doing what he was hired to do. Indeed, the Solomons case might have been decided wholly upon that ground, irrespective of the question of estoppel, since the finding was that Clark had been assigned the duty of devising a stamp, and it was understood by everybody that the scheme would proceed upon the assumption that the best stamp which he could devise would be adopted and made a part of the revised scheme. In these consultations it was understood that he was acting in his official capacity as Chief of the Bureau of Engraving and Printing, but it was not understood or intimated that the stamp he was to devise would be patented or become his personal property. In fact, he was employed and paid to do the very thing which he did, viz., to devise an improved stamp; and, having been employed for that purpose, the fruits of his inventive skill belonged as much to his employer as would the fruits of his mechanical skill. My search discloses no later consideration of this proposition by the U. S. Supreme Court, nor do I find in any later Supreme Court case any criticism of it. If these statements are the

law and are not to be regarded as dicta or the force of them frittered away by nice refinements and far-fetched distinctions, they would seem to control the decision of this case, because, for reasons presently to be stated, it seems clear that plaintiff was employed solely to invent or devise the machinery which is said to embody patentable novelty, and was paid for no other service.

However, in Pressed Steel Car Co. vs. Hansen, (3 C. C. A.) 137 Fed., 403, the majority opinion attempts to limit and distinguish the law as thus stated, apparently because it was thought necessary so to do to bring it into harmony with their interpretation of Hapgood vs. Hewitt, 119 U. S., 226. These grounds of distinction and limitation will appear in the majority opinion, and, it seems to me, are not based on any sound or tangible basis. The result of these efforts at distinction is merely to deny that the law is correctly laid down in the quotations above made, from the Solomons or the Gill cases, and amounts to a refusal, in view of the Hapgood case, to adopt and follow the law thus announced. That this is not an incorrect characterization of the majority opinion will clearly appear from the dissenting opinion of Judge Acheson.

51 It is indeed difficult to reconcile the Hapgood case with the law as thus stated by Mr. Justice Brewer and Mr. Justice Brown. The facts which in the Solomons case Mr. Justice Brown says would justify a holding that the invention belonged to the employer, do not seem to be stronger or more definite than the allegations of the bill in the Hopgood case, which on demurrer was held to amount only to a mere license or shop right. The most striking difference in the two cases is that the employe in the Solomons case was taken from his regular employment and assigned to the specific task of developing the article which was later covered by the patent, whereas in the Hapgood case the inventions were developed incidentally to a general and continuous employment upon a regular salary. It may be noted that Mr. Justice Brewer dissented in the Hapgood case, and that in the Gill case Mr. Justice Brown ignored the Hapgood case, although reviewing fully practically every Supreme Court case bearing on this branch of the law, and reiterated the doctrine of the Solomons case in the language above quoted, only after what seems to be a full and deliberate consideration of the subject.

An examination of Rose's Notes discloses that the Hapgood case has been cited only once later on this proposition. In Dalzell vs. Dueber Watch Case Co., 149 U. S., 315, Mr. Justice Gray delivering the opinion, cites the Hapgood case as holding "But a manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services to devising and making improvements in articles there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect." The law as thus stated is amply supported by authority, and, if the Hapgood case is to be understood as holding no more, then it is not in conflict with the law as stated in the Solomons and Gill cases. Some expressions and cases cited, apparently with

approval, in the Hapgood case, give color to the contention that it has a broader scope, and that if it is not limited by the later cases, it might be an authority for the proposition that even when one is employed to devise or perfect an instrument or means for accomplishing a prescribed result, and nothing else, he still retains title to his invention and the employer gets only a license or shop right, in the absence of an express agreement to the contrary.

52 Numerous cases hold that when one is employed generally by another and part of his duties are to improve and perfect processes and machinery, any invention made in so doing belongs to the employe, in the absence of a specific agreement that the invention shall be the property of the employer. See Pressed Steel Car Co. vs. Hansen (3 C. C. A.) 137 Fed., supra; cases cited in Editor's Note, 2 L. R. A., N. S., 1179. Barber vs. National Carbon Co. (6 C. C. A.) 129 Fed., 370, cited by plaintiff, turns on the construction of the defendant's plea in bar, and the specific question here presented is purposely left undecided, without any expression of opinion. In these cases the policy of the law is declared to be to preserve to the workman as much benefit from his inventive genius as is consistent with the preservation to the employer of the use of the improvements thus made, and this is held to be fully obtained by preserving the employe's title to the invention and according to the employer a license or shop right to use it. Obviously in these situations the difficulty will always consist in determining when a specific agreement exists that the invention shall be the property of the employer. Some triers of fact will reach different conclusions from the same evidence; but these rules of law as applied to a general employment, would seem to fail of application when one has been hired and paid for the sole and only purpose of devising or perfecting an instrument or a means for accomplishing a prescribed result.

These several cases and the different reasons have been fully weighed and considered by me. The statements of the law as made in the Solomons and Gill cases are the latest expressions of the Supreme Court on the subject. These statements cannot be repudiated, it seems to me, on the ground that they are dicta, and especially as that court has not, so far as I can discover, ever criticized or distinguished these statements in later cases. If these statements are law and are not to be overthrown or disregarded by me on far-fetched and insubstantial grounds of distinction, then the present case is controlled by them and the defendant is entitled to relief.

In this case plaintiff was employed for a specific purpose. He had no general employment and performed no services except in that one capacity. The entire consideration received by him was paid in developing the process and machinery which has eventuated in a

53 patentable invention. He was not employed generally in a certain line of work and devised merely an improved method or instrument for doing that work. He was employed and paid to develop a process or machinery or means of accomplishing a prescribed result. The patentable invention is the result solely of that which he was employed and paid to accomplish. The results thus ac-

complished, even if of a patentable nature should accrue wholly to the employer; otherwise the employer is deprived of a part of that for which he has paid. No invention ever would have been made except for this contract of employment and expenditure of the employer. The employe, it seems to me, has sold in advance whatever rights as an individual he may have had in and to his inventive powers, so far as they relate to the work he was to do or the results which he accomplished. In this respect the situation differs not at all from that of an artist who is employed to paint a picture, in which situation the rule is that when delivered and paid for, the picture, as well as all copyrights or rights of reproduction, belong exclusively to the patron. See Dielman vs. White, 102 Fed., 892.

My conclusion, upon the facts of this case, is that the property in the invention belonged to the employer; that this property passed to the defendant when it acquired all the assets of the Axle Company; and that the plaintiff holds the legal title to the patent in trust for the defendant. No evidence was introduced tending to show that plaintiff has derived any profits from licenses granted by him. A decree therefore will be entered requiring plaintiff to assign and transfer the legal title to defendant. D. C. Westenhaver, Judge. Cleveland, Ohio, December 27, 1920.

54 **Motion by Plaintiff for Rehearing or New Trial in U. S. District Court.**

(Filed Jan. 4, 1921.)

To the Honorable the Judges of the District Court of the United States in and for the Eastern Division of the Northern District of Ohio:

And now comes the Plaintiff, William J. Peck and moves the Court for a re-hearing or new trial of the above entitled cause for the following reasons:

First. It would appear from a reading of the opinion filed December 27, 1920, that the Court has conceived that the only machinery built by plaintiff under the contract of August 23, 1915, is that which has formed the basis for the patent in suit and that therefore the contract has ben construed as being a contract for this and no other purpose. It is a fact and the evidence introduced shows it to be a fact that the machine which formed the basis of the patent in suit was only one of at least eleven separate and distinct types of machines, and for as many separate and distinct purposes, that were built under the same contract. The machine which is the subject matter of the patent in suit has been known as the No. 9 machine. Plaintiff's Exhibit No. 9 mentions the No. 5 machine which is a machine which forms the eyes of the main leaves of the springs, trims the plates, or leaves to their proper length and punches the hole for the center bolt of the spring; this Exhibit also mentions the No. 7 Machine which was a furnace for heating the plates from which the spring is made; also the No. 9 machine which is the machine of the patent in suit.

Plaintiff's Exhibit No. 10 also mentions the No. 5 and No. 7 machines neither of which form any part of the subject matter of the patent in suit.

Second. In Defendant's answer in the second paragraph of the offset or counter claim it is stated that the device described and illustrated in the patent in suit forms a part of the apparatus designed and constructed under the supervision of the plaintiff under said contract and in plaintiff's reply it is admitted that the device described in said letters patent was built as a part of the equipment furnished to the Hess Pontiac Spring & Axle Company under said contract and in this connection Plaintiff would like to emphasize the word "part" where it occurs in the pleadings as indicating that the machine of the patent in suit known as No. 9 was only one of eleven machines which embodied the whole process and machinery made under the contract of August 23, 1915, so that Plaintiff's contract of employment was entirely of a general nature and the machine of the patent in suit formed only one unit of the process and machinery built under the said contract.

Third. As an explanation of the various machines and their functions which were built for the Hess Pontiac Spring & Axle Company Plaintiff states that Machines No-. 1 to 4 inclusive included a device for gauging the position of the various plates of the spring; a conveying machine for carrying the spring plates to the No. 5 Machine; adjustable furnaces for heating the ends of the long spring plates whereby the eyes might be more easily formed, and connections for operating these various parts. Machine No. 5 comprised an eye forging device; a plate trimming mechanism; a punch; a feed works for handling the spring plates through the machine; and driving and timing mechanism. Machine No. 6 comprised a mechanism for removing the spring plates from the No. 5 Machine and arranging them for introduction to, and introducing them to the furnace. Machine No. 7 comprised the furnace in which the spring plates were caused to travel through the heating chamber to be heated for the forming and quenching. Machine No. 8 comprised mechanim for removing the heated plates from the No. 7 furnace and delivering them alternately to one or the other of two No. 9 Machines which were placed side by side. (This machine was never successfully operated.)

The No. 9 Machine is the Machine of the patent in suit whereby the spring plates after having been through the eight machines preceding it were formed and quenched. Following the No. 9 Machine were machines for collecting the two streams of product from the two No. 9 Machines to one stream and passing this stream through a machine which drew the temper of the spring plates to the required condition and delivered the plates in condition to be taken by the finishers.

Plaintiff admits that he did not go into this phase of the question as fully as he might have done at the hearing but thought that the introduction of evidence showing that there were other machines built would be sufficient to establish that the contract of August 23, 1915,

was a contract of general employment in a certain line of work
56 and not a specific contract for the production of a forming and quenching machine, and that solely.

Plaintiff states that the building of the No. 9 Machine, the machine of the patent in suit, only consumed a small portion of the total time of the continuance of the contract.

Plaintiff therefore prays that a time be set for the hearing of this Motion and that if, in the opinion of the Court the introduction of evidence supplementary to that heretofore introduced and substantiating the facts stated herein would cause the Court to arrive at a conclusion other than the one heretofore arrived at in the opinion filed December 27, 1920, and particularly that part beginning with the middle of page 7 of the opinion and continuing to the end of the opinion, that time be set for a re-hearing of the case and the introduction of additional proofs of the statements herein contained. William J. Peck. Edward O. Peck, Solicitor and Counsel for Plaintiff.

STATE OF ILLINOIS,
County of Peoria:

William J. Peck being duly sworn deposes and says that he is the Plaintiff in the above entitled cause; that he has read the foregoing Motion, and knows the contents thereof; and that the same is true of hos own knowledge except as to matters therein stated on information or belief, and as to those matters he believes it to be true. William J. Peck.

Subscribed and sworn to before me this 31st day of December, 1920. Francis B. Schrader, Notary Public. (Seal.) My commission expires Jan. 22nd, 1921.

57 **Order Overruling Motion for Rehearing in U. S. District Court.**

(Entered January 24, 1921, by D. C. Westenhaver, Judge.)

This day this cause came on to be heard on the motion of plaintiff for a re-hearing or a new trial and was submitted to the Court, on consideration thereof the Court overruled said motion.

Final Decree in U. S. District Court.

(Entered March 2, 1921, by D. C. Westenhaver, Judge.)

This cause having heretofore been submitted to the Court upon the pleadings, proofs and arguments of counsel herein, upon due consideration thereof, it is hereby ordered, adjudged and decreed by the Court as follows: That upon the issues raised by the bill of complaint and the answer herein the equities are with the defendant and that said bill be and the same is hereby dismissed.

It is further ordered, adjudged and decreed, that upon the issues raised by the cross bill of defendant and the reply thereto the equities are with said defendant and that the plaintiff herein, as holder, of the legal title to Letters Patent of the United States No. 1,249,473, in trust for the defendant herein, within ten days from the date of the entry of this decree, assign and transfer to said defendant said legal title to said letters patent, and that said plaintiff also transfer and assign to said defendant, within ten days from the date hereof, any and all other patents, or pending applications for patents for inventions, made by plaintiff in connection with the process and machinery developed in the performance of the agreement of August 23rd, 1915, between the plaintiff herein and The Hess-Pontiac Spring and Axle Company.

58 It is further ordered that, should the plaintiff fail to comply with the foregoing order for the assignment and transfer of said Letters Patent of the United States No. 1,249,473, and any and all other patents and applications for patents for inventions made by plaintiff in the performance of the agreement of August 23, 1915, within the ten days herein allowed for such assignment and transfer, then and in that event this decree shall have the same force and effect as such assignments and transfers would have had if made.

It is further ordered that the costs herein be and the same are hereby adjudged against the plaintiff and execution is hereby awarded therefor.

Notice of Appeal in U. S. District Court.

(Filed March 10, 1921.)

Please take notice that the undersigned, Plaintiff in the above entitled cause hereby appeals from the decision of this Court rendered herein and filed March 2nd, 1921, to the United States Circuit Court of Appeals of the 6th Circuit.

Dated March 5th, 1921. Yours, etc., William J. Peck, Plaintiff. To. B. M. Kent, Esq., Attorney for Defendant.

Received the within notice this 9th day of March, 1921. B. M. Kent, Attorney for Defendant.

59 **Petition for Appeal to the United States Circuit Court of Appeals for the Sixth Circuit in U. S. District Court.**

(Filed March 15, 1921.)

The above named plaintiff conceiving himself aggrieved by the Decree made and entered on the 2nd day of March, 1921, in the above entitled cause does hereby appeal from said order and decree to the United States Circuit Court of Appeals for the Sixth Circuit, for the reasons specified in the Assignment of Errors, which is filed herewith, and he prays that this Appeal may be allowed and that a transcript of the record proceedings and papers upon which said order was made

duly authenticated, may be sent to the United States Circuit Court of Appeals for the Sixth Circuit. Edward O. Peck, Attorney for Plaintiff.

The foregoing claim of appeal is allowed. Bond on appeal $500.00. D. C. Westenhaver, Judge. Dated March 15th, 1921.

Assignment of Errors in U. S. District Court.

(Filed Mar. 15, 1921.)

And now comes the plaintiff in the above entitled cause and says that the Decree in said cause is erroneous and against the just rights of said plaintiff, for the following reasons:

First. The Court erred in holding that the invention disclosed in letters patent 1,249,473 of December 11th, 1917, the patent in
60 suit was made or developed by plaintiff in the performance of a contract with the Hess-Pontiac Spring & Axle Company and dated August 23rd, 1915.

Second. The Court erred in holding that the Patent in suit covers the process and machinery which was developed in performing this contract.

Third. The Court erred in holding that plaintiff was employed solely to invent or devise the machinery which is said to embody patentable novelty and was paid for no other service.

Fourth. The Court erred in holding that the entire consideration received by plaintiff from the Hess-Pontiac Spring & Axle Company was paid in developing the process and machinery which has eventuated in a patentable invention.

Fifth. The Court erred in holding that plaintiff was not employed generally in a certain line of work and devised merely an improved method or instrument for doing that work.

Sixth. The Court erred in not holding that the evidence proves that the contract of August 23rd, 1915, was a contract for general employment in a certain line of work.

Seventh. The Court erred in holding that the patentable invention of the patent in suit is the result solely of that which plaintiff was employed and paid to accomplish and that the results thus accomplished even if of a patentable nature should accrue wholly to the employer.

Eighth. The Court erred in holding that plaintiff has sold in advance whatever rights as an individual he may have had in and to his invention powers, so far as they relate to the work he was to do or the results which he accomplished under said contract.

Ninth. The Court erred in holding that the property in the invention of the patent in suit belonged to the Hess Pontiac Spring & Axle Company.

Tenth. The Court erred in holding that this property passed to the defendant herein when it acquired all the assets of the Axle Company.

Eleventh. The Court erred in holding that the plaintiff holds the legal title to the patent in trust for the defendant.

61 Twelfth. The Court erred in ordering that a decree be entered requiring plaintiff to assign and transfer the legal title to the patent in suit to defendant.

Wherefore the plaintiff prays that the said decree be reversed and that the said Court may be directed to enter a decree in accordance with the proyer of the Bill of Complaint. Edward O. Peck, Solicitor for Plaintiff.

Order Allowing Appeal in U. S. District Court.

(Entered March 15, 1921, by D. C. Westenhaver, Judge.)

On petition of Edward O. Peck, solicitor and of counsel for the plaintiff herein, it is ordered that an appeal to the United States Circuit Court of Appeals for the Sixth Circuit from the decree heretofore filed and entered in this cause on the 2nd day of March, 1921, be and the same is hereby allowed; and that a certified transcript of the record in accordance with the rules of practice for the courts of equity of the United States, be transmitted to said United States Circuit Court of Appeals.

It is further ordered that the bond on appeal be fixed in the sum of Five Hundred ($500.00) Dollars.

62 **Bond in U. S. District Court.**

(Approved and Filed April 6, 1921.)

Know all men by these presents, That we William J. Peck as principal and The Fidelity and Casualty Company of New York as surety, are held and firmly bound unto The Standard Parts Company in the full and just sum of Five Hundred ($500.00) to be paid to the said The Standard Parts Company certain attorneys, executors, administrators, successors or assigns: to which payment well and truly to be made, we bind ourselves, our heirs, executors and idministrators, jointly and severally, by these presents. Sealed with our seals and dated this 1st day of April in the year of our Lord one thousand nine hundred and twenty-one.

Whereas, lately at a session of the District Court of the United States for the Eastern Division of the Northern District of Ohio in a suit pending in said Court, between William J. Peck and The Standard Parts Company a decree was rendered against the said The Standard Parts Company and the said William J. Peck having obtained an appeal and filed a copy thereof in the Clerk's office of the said Court to reverse the decision in the aforesaid suit, and a citation directed to The Standard Parts Company citing and admonishing it to be and appear at a session of the United States Circuit Court of Appeals for the Sixth Circuit, to be holden at the City of Cincinnati, in said circuit, on the — day of —— next.

Now the condition of the above obligation is such, That if the said William J. Peck shall prosecute the said suit to effect, and answer all damages and costs if he fail to make his plea good, then the above obligation to be void; else to remain in full force and virtue.

Sealed and Delivered in Presence of William J. Peck, The Fidelity and Casualty Company of New York, By Boyd Perry, Attorney. (Seal.) (Documentary Stamp.)

Approved by D. C. Westenhaver, U. S. District Judge.

63 & 64 **Citation and Service in U. S. District Court.**

UNITED STATES OF AMERICA,
Sixth Judicial Circuit, ss:

United States Circuit Court of Appeals for the Sixth Circuit.

To the Standard Parts Company, Greeting:

You are hereby cited and admonished to be and appear at a session of the United States Circuit Court of Appeals for the Sixth Circuit, to be holden at the City of Cincinnati, in said Circuit on the* 6th day of May next, pursuant to a petition for appeal filed in the Clerk's office of the District Court of the United States for the Northern District of Ohio, wherein William J. Peck is appellant and you are appellee to show cause, if any there be, why the decree rendered against the said appellant as in the said petition for appeal mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the Honorable Edward D. White, Chief Justice of the United States, this 6th day of April in the year of our Lord one thousand nine hundred and twenty one and of the Independence of the United States of America the one hundred and forty-fifth. D. C. Westenhaver, Judge of the District Court. (Seal.)

Service of the above citation is hereby acknowledged and appearance of appellee is hereby entered. Tolles, Hogsett, Ginn & Morley, Attorneys for Appellee. May 12, 1921.

65 **Stipulation re Certification of Record in U. S. District Court.**

(Filed May 16, 1921.)

In accordance with Section 7 of Rule 44 of the general rules of this Court, it is hereby agreed that the record as presented to the Clerk by the printer, may be certified by the Clerk as required by law and the rules of the Appellate Court, as a true, full and complete copy of the original pleadings, papers and orders used on the trial of this

*Not exceeding 30 days from day of signing.

cause, as set forth in the precipe for transcript, without further comparison by the clerk. Edward O. Peck, Attorney for Plaintiff. Tolles, Hogsett, Ginn & Morley, Attorneys for Defendant.

Order Extending Time to File Transcript to June 6, 1921, in U. S. District Court.

(Entered May 6, 1921, by D. C. Westenhaver, Judge.)

On application of plaintiff and for good cause shown, it is ordered that the time for filing transcript of record in the United States Circuit Court of Appeals be extended to June 6th, 1921.

66 **Order Extending Time to File Transcript to July 6, 1921, in U. S. District Court.**

(Entered June 6, 1921, by D. C. Westenhaver, Judge.)

On application of plaintiff and for good cause shown, it is ordered that the time for filing transcript of record in the United States Circuit Court of Appeals be extended to July 6, 1921.

Order Extending Time to File Transcript to Aug. 6, 1921, in U. S. District Court.

(Entered July 6, 1921, by D. C. Westenhaver, Judge.)

On application of plaintiff and for good cause shown, it is ordered that the time for filing transcript of record in the United States Circuit Court of Appeals be extended to August 6th, 1921.

Order Extending Time to File Transcript to Sept. 6, 1921, in U. S. District Court.

(Entered July 27, 1921, by Judge Westenhaver.)

On application of plaintiff and for good cause shown, it is ordered that the time for filing transcript of record in the United States Circuit Court of Appeals be extended to September 6, 1921.

67 & 68 **Order Extending Time to File Transcript to October 30, 1921, in U. S. District Court.**

(Entered August 31, 1921, by Judge Westenhaver.)

On application of plaintiff and for good cause shown, it is ordered that the time for filing transcript of record in the United States Circuit Court of Appeals be extended to sixty days from this date.

Precipe for Transcript in U. S. District Court.

(Filed March 10, 1921.)

To the Clerk:

You are requested to take a transcript of record to be filed in the United States Circuit Court of Appeals for the 6th Circuit pursuant to an appeal allowed in the above entitled cause and to include in such transcript of record the following and no other papers or exhibits, to wit:

1. The Bill of Complaint.
2. Answer and Exhibit A.
3. Reply.
4. Plaintiff's Exhibits as follows:
Exhibit No. 1.
Exhibit No. 2.
Exhibit No. 3.
Exhibit No. 4 (withdrawn).
Exhibit No. 20.
5. Opinion of Judge Westenhaver, filed December 37th, 1920.
6. Plaintiff's Motion for re-hearing or new trial (overruled).
7. Final Decree Filed March 2nd, 1921.

Respectfully, Edward O. Peck, Attorney for Appellant Plaintiff.

69 **Certificate of Clerk in U. S. District Court.**

NORTHERN DISTRICT OF OHIO, *ss:*

I, B. C. Miller, Clerk of the United States District Court within and for said District, do hereby certify that the foregoing printed pages contain a full, true and complete copy of the record and all proceedings in this cause, including the petition for appeal, assignment of errors, order allowing appeal and the bond on appeal, in accordance with the precipe for transcript filed herein the originals of which remain in my custody as clerk of said Court.

There is also attached to and transmitted herewith, the citation issued and allowed herein.

In Testimony Whereof, I have hereunto signed my name and affixed the seal of said Court, at Cleveland, in said District this 28th day of Oct. A. D. 1921, and in the 146th year of the Independence of the United States of America. B. C. Miller, Clerk, By M. Bauman, Deputy Clerk. (Seal.)

70 *Proceedings in the United States Circuit Court of Appeals for the Sixth Circuit.*

Appearance of Counsel in U. S. Circuit Court of Appeals.

(Filed Nov. 7, 1921.)

Arthur B. Mussman, Clerk of said Court:

Please enter my appearance as counsel for appellant. W. J. Peck.

Appearance of Counsel in U. S. Circuit Court of Appeals.

(Filed Dec. 24, 1921.)

The Clerk will please enter my appearance as counsel for appellant. Geo. L. Wilkinson. Chicago, Illinois, December 22, 1921.

71 **Argument and Submission in U. S. Circuit Court of Appeals.**

(April 11, 1922—Before Knappen, Denison, and Donahue, C. JJ.)

This cause is argued by Mr. Charles L. Byron for the appellant and by Mr. Bert M. Kent for the appellee and is submitted to the Court.

Decree in U. S. Circuit Court of Appeals.

(Filed July 14, 1922.)

Appeal from the District Court of the United States for the Northern District of Ohio.

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Northern District of Ohio, and was argued by counsel.

On Consideration Whereof, it is now here ordered, adjudged and decreed by this Court, that the decree of the said District Court in this cause be and the same is hereby reversed with costs, and the cause remanded to said District Court with directions to take further proceedings in accordance with the opinion of this Court.

72 **Opinion.**

(Filed July 21, 1922.)

73 [File endorsement omitted.]

United States Circuit Court of Appeals, Sixth Circuit.

No. 3640.

[Title omitted.]

Submitted April 11, 1922; Decided July 14, 1922.

Before Knappen, Denison, and Donahue, Circuit Judges.

DENISON, *Circuit Judge:* The Hess Pontiac Spring & Axle Company (hereafter called the Pontiac Co., or the employer), was engaged in manufacturing springs for the Ford automobile, and desired automatic machinery for such manufacture. Having already acquaintance and some business relations with Wm. J. Peck, of Peoria, Ill., who was a designer of machinery and a solicitor of patents and a lawyer practicing in patent cases, the Pontiac Company, as first party, entered into a written contract with Peck, as second party, which was signed August 1915, and the body of which is as follows:

"This Agreement Witnesseth, that second party is to devote his time to the development of a process and machinery for the production of the front spring now used on the product of the Ford Motor Company. First party is to pay second party for such services the sum of $300 per month. That should said process and machinery be finished at or before the expiration of four months from August 11, 1915, second party is to receive a bonus of $100 a month.

74 That when finished second party is to receive a bonus of $10 for each per cent of reduction from present direct labor, as disclosed by the books of first party."

Peck proceeded under the contract, and eventually developed, and there were manufactured, a series of machines which produced these springs to the satisfaction of the Pontiac Company. One of the series, known as No. 9, completed the forming of a spring leaf and gave it an oil bath. The compensation provided by the contract was paid. Later the Pontiac Company, with Peck's active participation, manufactured and put into production five more of the No. 9 machines. Still later, the Standard Parts Company took over all the property and business of the Pontiac Company and became its commercial successor. It proceeded to build and install four more of the No. 9. In the meantime Peck had been negotiating with the Pontiac Company and its successor for a permanent contract for his expert services and had obtained a patent upon this particular machine, this patent being No. 1,249,473, issued December 11, 1917, to him upon a "Forming and Quenching Machine."

The negotiations for a satisfactory general contract failed; and thereupon Peck brought this action in the court below. It was in the usual form of an infringement bill. The defendant answered, relying wholly upon its rights under the contract of August, 1915, by virtue of which it claimed equitable title to the patent in suit; and the answer proceeded, in the nature of a cross bill, to set up the facts more fully and to ask a decree that the plaintiff be compelled to convey to it the legal title. After a hearing upon proofs duly taken the court fully sustained the defendant's position, and made a decree directing that the bill be dismissed and that the patent be conveyed to defendant, as prayed by the cross bill.

The primary question in the case is as to the legal effect of the contract. In its discussion it is to be taken as the starting point that where an employee, under merely a general contract obligation to devise such improvements as he can in the employer's machines, processes or product, makes such an improvement, developing it upon the time and at the expense of his employer, and the improvement involves a patentable invention, the invention and patent belong generally to the employee, while the employer has a license, the
75 extent of which depends upon the facts of the case, Hapgood v. Hewitt, 119 U. S., 226. It is equally clear that where there is an express contract appearing with sufficient certainty and reasonably limited to the subject matter, giving such inventions and patents to the employer, it is valid and will be specifically enforced. (Mississippi Company v. Franzen—C. C. A. 3—143 Fed., 501.) The question now for determination is whether there is an exception to the universality of the first rule, by which, though in the absence of any express contract or distinct understanding that the patent shall belong to the employer, that result will follow as a matter of law from some particular contracts of employment. The supposed exception was formulated by Mr. Justice Brown in Gill v. United States, 160 U. S. 426, when he said on page 435, after stating the general rule that ordinarily the inventions and patents of the employee for improvements in the machine with which he is connected belong to him:

"On the other hand, it is equally clear that if the patentee be employed to invent or devise such improvements, his patents obtained therefor belong to his employer, since in making such improvements he is merely doing what he was hired to do."

If this is to be taken as an accurate statement of the existing rule of law, it applies to the situation here involved and justifies the decree below. Whether it should be so accepted is a question of great general importance, which has received careful consideration in only one reported case, and which we think justifies a full discussion.

In the dearth of actual authority, the situation invites thought as to the underlying principles and reasons. If one is hired in a general supervising or advisory capacity,—as was Hewitt in the Hapgood case,—and it is expressly understood that he is to devote his talents and skill to making improvements, and if, in the course of developing such improvements, he makes a patentable invention therein, there

would be strong ethical grounds for saying that the invention belonged to the employer, just as did the other fruits of the labor and skill which had been bought and paid for; but the contrary view has prevailed, and has become the settled law. The approved principle,—although it is not fully developed in the Hapgood case,—perhaps is that such a contract commonly contemplates, and is fully satisfied by,
76 that body of devices and improvements and betterments which are the product of mere skill; that all these things the employer indisputably obtains for the benefit of his business, and they justify the price which he has agreed to pay; that for the employee to go beyond such skill and make a patentable invention is the unusual and abnormal thing; and that for the employer to get not only the benefit of the improvements in his business, but to get also a monopoly whereby all others can be excluded for a period of years, is also a thing not normally to be anticipated, and particularly is this so when the patent extends, as it often or usually will, to a monopoly reaching into many other lines of business, and just as far as the patented device could be usable. In this view, there is satisfactory reason for saying that if the entire invention and all its possible exploitation are to be taken away from its primary owner and transferred to the employer, that result ought to be expressed in the clearest and plainest words, and ought not to be left to uncertain implications from duties and conduct. We think that this idea, substantially as thus stated, is the foundation principle of the whole inquiry.

It does not follow that, because the employer does not get everything, he gets nothing. The existence of the license which the courts have declared in this situation is only the result of determining the intent of the parties from their relations and conduct, whether it be based on the doctrine of implied contract, following out the real intent, or on that of estoppel.

Further inquiring as to matters of the principle involved:—Is there any reason why a contract to devise one specific improvement should be made an exception to the rule which is applied to contracts to devise improvements of a specific class? In other words, while we recognize the general rule that Hewitt, employed to devise and make improvements in the plows manufactured by the Hapgood Company, became the owner of an invention which he made in such plows,—and with only a license to the employer,—is there any logical basis for saying that Clark (in the Solomons case,—infra) whose duty was to devise a self cancelling stamp and who made an invention therein, took nothing under his invention, but the employer took the whole title instead of a license? We have not found, in any of the cases, any reason suggested for such a distinction; nor do we observe any. Surely, the reason that the fruits of the inventive skill have been bought and paid for, if it were a good reason, would deny the general
77 rule as well as support the exception. Nor can any theory of estoppel uphold the exception, as distinct from the rule. Ordinarily, every equity in the employer created by estoppel will be completely satisfied by a license; and, if estoppel could lead to a

right to have the patent conveyed to the employer, that result would follow as well in contracts of general employment as with contracts to devise a particular thing. Indeed, after examining, as we think, every reported federal case on the subject, we find only two in which the principles of estoppel are, or may be, relied upon to support a decree giving title to the employer; and in both of those the employment was general, not specific. (National Co. v. Healy—C. C. A. 7—189 Fed. 49; Dowse v. Federal Co.—D. C.—254 Fed., 308, 316.)

Nor can we think that the exception commends itself as so inherently reasonable as to require adoption. It can be illustrated by application to familiar cases. If a farm laborer had been employed specifically to build a wire fence which would keep cattle out and had hit upon the successful method of attaching a barb, ought the employing farmer to have been entitled to the barbed wire patent? If the superintendent of a mining company's stamp mill had been directed to put his energies on finding a better plan of concentration to use in the company's process, and had hit upon the flotation process, should the mining company be entitled to the patent? Nor is there any hardship to the employer in denying that a contract to devise a particular improvement conveys title to any resulting invention. If that is the intent, it is easy to say so.

Another thing is obvious. If the exception exists, there would be great difficulty, if not practical impossibility, in drawing a line between the rule and the exception. If there are five articles in the employer's line of manufacture and an agreement to try to improve all of them does not carry title to the resulting patent, (the general rule of the Hapgood case), while an agreement to try to improve one of them does carry such title (the supposed exception), what would be the law about an agreement to try to improve three of them?

Since we are bound to accept as logically sound, the general rule that a contract to make improvements does not carry the whole patent, and since we find no logical basis for the alleged exception, and great practical difficulty in its application, it must follow that we can not approve the exception unless there is compelling authority to that effect.

There is no such authority, unless it be found in what is said by Justice Brewer in the Solomons case (infra), and Justice
78 Brown in the Gill case (supra). These statements can best be considered in connection with a review of the entire field in which the Supreme Court has touched the subject.

In McClurg v. Kingsland, 1 How., 202, Harley was employed at a foundry, receiving weekly wages. While so employed he devised the improvement, which was in effect a process, and it was used in the foundry successfully for several months with his participation. He proposed that a patent should be taken out and that the employer should buy it. The proposition was declined. He did not demand compensation for the use, or give notice not to use it, until he left the employment. The only holding was that Harley could not recover against his former employer for infringement of the patent, since the existence of a license or grant from Harley might be presumed.

In Hapgood v. Hewitt, Judge Gresham, in the Circuit Court (11 Fed., 422), had held that there had been only a license and that, being non-assignable, it had not passed to the defendant. The Supreme Court affirmed (119 U. S., 226). The opinion was in 1886 and was by Justice Blatchford. It appeared that Hewitt was expressly employed not only as superintendent, "but also to devote his time and service to devising improvements in getting up and perfecting plows adapted to the general trade of the employer." He agreed to "use his best efforts and devote his knowledge and skill to devising and making such improvements in getting up and perfecting plows and other improvements adapted to the trade." During this employment he made the invention in question. It was held that title to the invention has not passed to the employer. Construing the contract, as it has been recited. Justice Blatchford said that it contained nothing "as to any agreement between the corporation and Hewitt that the former was to have the title to his inventions or to any patent that he might obtain for them. It is not averred that anything passed between the parties as to a patent. We are not referred to any case which sustains the view that on such facts the title to the invention or to a patent for it passed." The suggested exception to the general rule, viz., that the title will pass if the employment is to devise a specific thing, was not mentioned by Justice Blatchford, but seems to have been fully presented by the facts of the case, and to be covered by the decision. It appears (p. 230) that not only was there
79 the general employment with the general duties, but that the company had thought advisable to change the form from a wooden sulky to an iron sulky, and that the president expressly directed Hewitt to proceed to devise and build an iron sulky plow in accordance with the directions which had been given to him, and that, after some difficulty and pursuant to the general instructions, he succeeded in making an iron sulky plow satisfactory to the president; and it was for the features of this iron sulky that he secured the patent. It is not easy to see how employment to devise a particular thing can be more specific than Hewitt's was; and it seems plain enough that Justice Blatchford did not know of the exception now alleged. This necessary aspect of the decision is to be remembered in observing the later cases.

In Solomons v. United States, 137 U. S. 342, Justice Brewer wrote the opinion. Clark was an employee of the government. The Secretary of the Treasury, in connection with internal revenue taxes, desired to adopt the best methods, and Mr. Clark was called into consultation and assigned the duty of devising an internal revenue stamp of the most useful form which he could make up. He did devise a self cancelling stamp, reported it back to the Treasury and it was adopted. Later, he obtained a patent upon it and brought infringement suit against the United States. The only thing involved in the case was the right of the United States to make use of the stamp without paying royalty. Title to the patent was in no way involved. What is said by Justice Brewer on page 346 may be ambiguous, but is fairly well satisfied by applying it so as to give the employer a license.

He divided the master and servant situation into two classes. In one where there is only a hiring for general service, the facts may be such as to support an inference of license to the master, and this is a question of fact for the jury. In the other class, where there is specific hiring to devise an improvement, the master's rights in any resulting invention arise as a matter of law. The extent of such rights, beyond a license, was not involved, and presumably not in the mind of the court. We think the language used, when the question before the court is remembered, can hardly be construed to extend to the whole patent. If so, it was entirely obiter. We agree with the construction given by Judge Gray in the Hansen case, infra (137 Fed., at p. 412). If the self cancelling stamp had been useful as a label or seal for private manufacturers and Clark had brought a suit against
80 them upon the patent, it would hardly have been claimed that Justice Blatchford had decided that the patent belonged to the United States and not to Clark. Certainly if the decision is given the broader meaning now attributed to it, by defendant, it was in conflict with the thing decided in Hapgood v. Hewitt, and yet the majority of the court was the same as in the former case, including Justice Blatchford. Every presumption is that no overruling or even modification of the former case was intended.

Another thing should be noted in connection with this opinion. The case was in the Supreme Court on appeal from the Court of Claims (22 C. Cl. 335), where it had been held that while the government did not obtain a specific interest in the patent or monopoly of the invention, nor a right to share in the profits thereof, so as to exclude other persons from the use of it, nevertheless it acquired the right to manufacture and use the stamp in its revenue service without liability to the inventor; and it was this decision which Justice Brewer was affirming. In view of this, can it be supposed that he intended to say that the Court of Claims was wrong and that the government did take title to the patent?

In Duber v. Dalzell, 149 U. S. 315, it appeared that Dalzell had a patent for a device used in making watches. When he devised the improvement he was in the employ of the Dueber Company as a tool maker, and was following out the instructions of the president in trying to perfect an apparatus for making watch cores. The former superintendent had endeavored to do this but had failed. Dalzell was instructed to take it up and carry it on. He succeeded. He made no demand for compensation, and the company paid all the expenses of obtaining the patent, which was necessarily taken in Dalzell's name. In the Circuit Court (38 Fed., 597), Circuit Judge Wallace found that these facts justified the conclusion that the patent was to belong to the employer, and ordered Dalzell to make a conveyance. The Supreme Court reversed this decision. Justice Gray wrote the opinion. On page 320 he restates the proposition that the employer is not entitled to the patent "in the absence of express agreement to that effect." He then proceeds to discuss whether there had been such express agreement. Dueber, president of the employer, said "yes," and Dalzell "no." Judge Wallace had believed Dueber. The Su-

preme Court developed the reasons for deciding against him.
81 It does not seem that Justice Gray or any member of the court knew of the exception now alleged. The facts stated by Judge Wallace show that the employment was to devise and perfect a particular thing,—dies and forms for watch cores,—and if such specific employment carried a right to the resulting patent, the decision of the Supreme Court was wrong. As it is, it must negative the existence of any such exception. It is true Justice Brewer dissented in this case, but the natural presumption is that he dissented because he agreed with Judge Wallace on the questions of fact involved.

It is suggested that in cases like those of Hewitt and Dalzell there was a general employment, which would not carry interest in the title to an invention, and upon the basis of which the specific duty to improve or make a particular thing was superimposed, and that if the specific duty were wholly independent of any general services it would efficiently support an inference of intent to convey any resulting patents. We do not see any distinction. The obligation of Hewitt or Dalzell to make an improved sulky plow or watch core was expressly created by special contract, and was no more and no less because he happened to be already on the pay roll.

Next among Supreme Court cases comes Lane v. Locke, 150 U. S., 193, 199. The only question here involved (the facts are somewhat more fully stated by Judge Sage in 35 Fed. Rep. at p. 289), was whether a license might rightly be inferred. The court quotes from the Solomons case what is said about license; but the decision has no pertinence at all as to the supposed exception.

Next is McAleer v. United States, 150 U. S., 424. Here there was a written license from the patentee to the United States and the only question involved was as to the construction of the license and whether it was to be varied by parol. On page 430, the court quotes from the Solomons case Justice Brewer's language, which is supposed to establish the exception; but it is a casual quotation and the opinion has no bearing upon the construction or meaning of the quoted paragraph.

The next case is Gill v. United States, supra. The opinion was by Justice Brown. The only question involved, as stated in the first sentence of his opinion, was whether the employer had a license. On page 435, however, he seems to assume that he is repeating the Solomons case when he says that in the case of the specific employ-
82 ment, the patent belongs to the employer. Not only is this completely obiter in the Gill case, but it is a misunderstanding of the Solomons case, because, if we correctly interpret Justice Brewer, he did not say what is here attributed to him; and it must have been inadvertent to say that the Solomons case might have been decided on this ground, because in the Solomons case it was stated by the Court of Claims, and agreed all around, that the patent did not belong to the employer. So far as we can find, this proposition, so stated by Justice Brown in the Gill case, was then stated for the first time, unless by Justice Brewer.

It has been suggested that Hapgood v. Hewitt, is discredited because

Justice Brown did not refer to it in his review in the Gill case. There was no reason why he should. It turned out in the Gill case that Gill was claiming exemption from the general rule that the employer had a license, because Gill had perfected his invention outside of working hours and with his own resources. Justice Brown therefore reviewed the cases which had sustained an employer's defense on the ground of license, to see if they justified Gill's theory. Hapgood v. Hewitt was not one of those cases, and there was no occasion to refer to it.

From this review it appears that in the Supreme Court the exception has been denied in two cases (Hapgood and Dueber), in general language, but where, in each case, the denial was essential to the result reached; and that it has been affirmed, in one case clearly (Gill) and in another doubtfully (Solomons), but when, in each case, it was irrelevant to the issue. The weight of authority in that court is thus beyond dispute. In no later case in lower courts has the alleged exception been involved, directly or indirectly, or quoted or referred to,—excepting in the following:

In the Healy case, 189 Fed., and the Hansen case, 137 Fed., (C. C. A. cases later mentioned) the exception is more or less definitely denied. In Wilson v. Wilson Co., 240 Fed., 497, District Judge Waddill quotes the paragraph containing the exception, as if it might be the rule in a proper case, but decides that in the case before him there was only a license. In Dowse v. Federal Co., 254 Fed., 309, District Judge Sanborn quotes Justice Brewer's ambiguous statement from the Solomons case, and then quotes and approves Judge Gray's statement, in the Hansen case, that there must be an express agreement to assign. He then goes on to decide that all the facts and circumstances and Dowse's employment as president and general manager in building up the Company's business based on the exclusive rights
83 given by the patent in Dowse's name, justified the inference of an express understanding that the patent was to belong to the company and estopped Dowse from denying such contract. This was really the situation also in the Healy case mentioned. In Ingle v. Landis, 262 Fed., 150, District Judge Witmer quoted Justice Brewer's statement, and held that the employee-inventor's conduct, continued long after his employment ceased, demonstrated his intent that the invention should belong to the employer (and even under these facts, the decision was reversed, 272 Fed., 464).

From this further review it may be said that the alleged exception never has been applied or enforced in any case. In the last two cases cited, which come the nearest, it was of no importance whether the employment was general or specific. In fact, the employment was general in both of them.

Coming now to a discussion of the particular point by other courts: In the Hansen case (Judge Buffington, 128 Fed., 444; C. C. A., 137 Fed., 403) Judge Gray's discussion makes it clear that the Court of Appeals does not believe the alleged exception is established by the Solomons and Gill cases. Judge Acheson's dissent only emphasizes the fact that Hansen was employed to do a particular thing, and therefore shows that the opinion of the majority is an express disap-

proval of the dicta which Judge Acheson prefers to follow. The Hansen case has severel times been cited approvingly on the general proposition that there must be an express agreement to assign, and Judge Acheson's dissent has never received approval. In Ingle v. Landis—C. C. A. 3—272 Fed., 464, 465, it was said by Judge Buffington that this decision had made a satisfactory working rule which had ever since (since 1895) been followed in the Third Circuit.

In National Box Co. v. Healy, 189 Fed., 49, 56, the Circuit Court of Appeals of the Seventh Circuit seems to give its approval to this quotation (pp. 56-57):

"The rule may be stated in a few words. No matter what the contract of service may be—whether for ordinary employment or for specific inventive work—the master cannot have title to an invention of a servant, in the absence of an express contract to assign it to him, although made in the course of the service and at the master's expense. Stray statements which seem to point to the master's right of ownership are to be found in some opinions, but these decis-
84 ions cannot stand as authorities against the main body of cases from which the above rule is gathered."

The court then concludes that it is sufficient to satisfy this rule if the employee consciously and deliberately contemplates that an invention, if made, shall belong to the master, although mere employment, general or specific, will not raise that inference. Judge Seaman was not willing to go even so far, but concurred because he thought the evidence showed an express oral promise to convey. Speaking of the power to compel conveyance of the patent when there is an express contract, he says:

"I believe no other relation of the parties (fiduciary or contractual) in their understanding can sanction such relief, nor furnish support therefor, beyond the undoubted weight of the evidence thereunder in corroboration of the testimony that inventions made were to be assigned."

This court had one phase of the question quite clearly, in Withington Co. v. Kinney, 68 Fed., 500. This decision was before the Gill case, but five years after the Solomons case. It makes no reference to the latter, but expressly follows Hapgood v. Hewitt. A license to the defendant was the only thing involved, but Judge Lurton evidently did not know of the alleged exception; because, although the employee testified that he was employed for the express purpose of devising a particular new machine, which he did devise and patent, Judge Lurton says (p. 502) that there was no evidence of any agreement by which the employer should have any interest in the patent. In the Barber case—C. C. A. 6,—129 Fed., 370, there is some implied approval of the proposition that there must be a definite agreement for patents to pass before they will do so, but the case is distinguishable from the present one because it goes off on the question of a license and its scope.

We do not find anything else helpful. The opinion in American Company v. Wilson, 198 Mass., 182, 202, discusses the subject and applies the rule of license and casually suggests an exception when the

contract is expressly one to use inventive faculties, citing the Solomons and the Gill cases, but it goes no further.

We conclude that the supposed exception cannot be accepted as an existing rule, and that an invention does not belong to the employer, merely by virtue of an employment contract, as well when that
85 employment is to devise or improve a specific thing as when the employment is to devise improvements generally in the line of the employer's business. The contract of August, 1915, does not therefore, of its own force, convey to the employer the equitable title to the patentable inventions which Peck might make in the course of its execution, but gives to the employer a license only.

For reaching this conclusion, there is another reason which has not been discussed in the case, but which would seem of itself to be sufficient. Peck's invention, as made and patented, extends beyond the field of the contract and of the employer's business. The making of automobile springs is only one of the purposes for which the patented machine may be used. Many of its claims reach its use merely as a forming or die machine in any factory for any purpose. We suppose that the exception which we have discussed, if it were valid, would not reach the case where the invention went beyond the scope of the employment, and was plainly not within the contemplation of either party; and even if it could be thought that in such case the employer obtained the exclusive right to the invention and the patent so far as they applied to his use in the business, he would still have only a license. (Pope v. Gormully, 144 U. S., 298.)

Outside of the face of the contract, there is no evidence as to the intent of the parties at the time it was made, and we find no evidence of subsequent conduct by the parties sufficient to indicate Peck's conscious purpose that the title should pass or to establish an estoppel against him to that extent. He had no such participation and interest in the business as we thought in the Healy and Dowse cases to support the inference of an actual intent to contribute inventions and patents. As to his participation for a time in the evident anticipation of the employer, that the patent application should be made at its expense and for its benefit, it is said by him to have occurred after the work was nearly done and while he thought there was an understanding for giving him further valuable considerations and in reliance thereon, and he says that as soon as this reliance turned out to be unfounded, he withdrew from the plan for participation, and the employer never paid any expense or changed its conduct in the least on that account. This testimony is undisputed; and the case against him in this aspect is not so strong as that which in the Hansen case was held insufficient.

86 What was the extent of the employer's license? In this respect the questions are different as to the first six machines and the last four. There are two reasons why we think the title to the first six machines is in the defendant, wholly free from the monopoly of the patent. The first is that the case as to these machines is fully within the spirit and fairly within the letter of Sec. 4899, which says:

"Every person who purchases of the inventor or discoverer, or with his knowledge and consent constructs, any newly invented or discovered machine or other patentable article, prior to the application by the inventor or discoverer for a patent, or who sells or uses one so constructed, shall have the right to use, and vend to others to be used, the specific thing so made or purchased, without liability therefor."

It appears that in August, 1915, the parties entered upon this enterprise of developing new machinery. Mr. Peck, of Peoria, had actual charge of the construction work,—the labor and materials apparently being paid for by the Pontiac Company. The record does not show the exact progress of the work, but the first complete machine was shipped from Peoria about March 26, 1917, and the other five very shortly thereafter. The patent was applied for on March 12th of that year. Without doubt, at this time some of the machines were nearly finished and all of them were well along in construction. Taken as a group they had been in the process of construction certainly for many months before March. We are quite satisfied that such a situation as this is within the limits contemplated by Sec. 4899; and it follows that the Pontiac Company had a right to sell these six machines to the defendant free from the patent. (Wade v. Metcalf, 129 U. S. 202.)

The other reason is that even if Sec. 4899 were not applicable, the situation as to these particular machines is essentially the same as if they had been made by Peck and by him sold to the Pontiac Company. Where the thing patented is the product of the employer's business, or a process used by him, the license is not generally assignable, even to the employer's successor in business (Bowers v. Lake Superior Co.—C. C. A. 8—149 Fed. 983, 986); but we find no case extending that rule of non-assignability so as to reach merely the use of a patented machine which belonged to the employing company and which was constructed for it by the patentee, with its ma-
87 terial and its labor, and with satisfactory compensation to him for his supervision. We think the analogy of the decided cases permits the employer in such case to sell such machine with the free right to use it. In the language of the Solomons case, "the instrument" or "the means" becomes the "property of the employer." See also Mitchell v. Hawley, 83 U. S., 544, 547; Boston v. Allen—C. C. A. 1—91 Fed. 248.

As to the last four machines, it must be held that such a license to construct the patented invention, for use in the business of the employer, as the Pontiac Company had, was not assignable and could not have passed to the defendant by the ordinary purchase and sale of a business. Since the burden was on the defendant to establish a valid license, a decree for the plaintiff as to these four machines would be technically justified upon this record; but we are not satisfied to have final disposition made in that way. To apply our view of the law to the proofs as they were shaped and allowed to remain, in dependence upon the somewhat different view of the court below, might result in distinct injustice. Defendant may be advised that it can abandon any further claim of license as to these four machines and

contest the patent on its merits,—a matter about which we express no opinion,—and otherwise it is clearly open to defendant to make what effort it can to establish a license on the theory of estoppel by reason of Peck's knowledge of the building of these four machines without objection,—if such knowledge and conduct occurred,—or on the theory of a practical consolidation of the Pontiac Company with the present defendant,—if their relationship has that character. (Lane v. Locke, 150 U. S. 193.)

The decree below is reversed and the record remanded for further proceedings in accordance with this opinion.

88 **Petition for Rehearing in U. S. Circuit Court of Appeals.**

(Filed Aug. 8, 1922.)

William J. Peck,

Patents and Patent Causes,

Machine Designer and Consulting Engineer,

Jefferson Building.

Telephones:
Office, Main 5756 Peoria, Ill.
Residence, Bluffs 356.

July 26, 1922.

Honorable A. C. Denison, United States Circuit Judge Grand Rapids, Mich.:

Sir: I am in receipt of the opinion of your Court in the case of William J. Peck v. Standard Parts Co. #3640 decided on July 14th, 1922, and wish to thank the Court for its decision in my favor on the question of title to the patent.

In the last paragraph of the opinion the Court says that "as to the four machines" a decree "would be technically justified upon this record" though it might result in distinct injustice to the defendant to grant the prayer of the bill of complaint.

I realize that I am going far beyond the usual in addressing your Honor this way, but I feel that a distinct injustice is being done me for the following reasons.

89 1. The bill below made a general charge of infringement and left it open to the defendant to comply with equity rule 30 by setting up as many defenses, regardless of consistency, as it may deem essential to its defense. The defendant chose to rely wholly on the contract as establishing equitable title and this was all done before there was any "dependence upon the somewhat different view of the Court below." The defendant below had its opportunity to contest the validity of the patent, to establish estoppel, or to establish a practical consolidation of the Pontiac Company with it, though it voluntarily selected from all its defenses the one which your Honors

have said was not a good defense, thereby abandoning other defenses which were open to it.

2. To paraphrase the language of the opinion would, in effect, advise the defendant that in view of the fact that it has selected the wrong defense, has based its case on this defense, has, in effect, declared that it will win or lose by this defense, it may now, after the case has been decided against it by the Court of Appeals, move to amend its answer and retry the case in the court below, whereupon,
another appeal may be taken, this Court suggesting three of
90 such procedures, each of which would be appealable. Now, if
the defendant below chose to proceed with each of these defenses separately a total of six more trials of this case would be had, thereby establishing a precedent which would result in endless litigation and the practical impossibility of final adjudication of patent cases, nullifying the value of patents and stopping the wheels of progress and it can be easily seen that if the owner of a patent were faced with the probability of the number of trials and the consequent delay of settlement of a question, with the right in the defendant to go before the Court below after a decision in the Court of Appeals, and re-open the case and start again on another defense, with the right of appeal from the decision of the Court below, and the right to again insert still another defense, recovery would be practically impossible and the ends of justice defeated. The infringer would merely set up in his answer one defense, reserving his other defenses for the future in case it developed that his first election was not good.

I am convinced that it was not the intention of this Court to bring about such a condition and, as a member of the bar of this Court,
I plead with your Honor to recall the opinion handed down on
91 July 14th, and modify it in the interest of justice and to the
end that litigation on patent matters may not be interminable.

The record in his case was submitted to your Honor as established in the Court below and in the name of justice I appeal to this Court for judgment on this record.

I am addressing a duplicate of this to Judges Knappen and Donahue. Very respectfully, W. J. Peck. WJP.:BK.

Mr. Mussman:

Please file this and notify counsel on both sides that it is accepted as a petition for rehearing—and send copy also to Mr. Kent and send me a copy for my files. A. C. D.

92 **Order Denying Petition for Rehearing in U. S. Circuit Court of Appeals.**

(Filed Oct. 12, 1922.)

The petition for rehearing of this cause is hereby denied.

93 **Clerk's Certificate.**

United States Circuit Court of Appeals for the Sixth Circuit.

I, Arthur B. Mussman, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit, do hereby certify that the foregoing is a true and correct copy of the record and proceedings in the case of William J. Peck vs. Standard Parts Company, No. 3640, as the same remains upon the files and records of said United States Circuit Court of Appeals for the Sixth Circuit, and of the whole thereof.

In testimony whereof, I have hereunto subscribed my name, and affixed the seal of said Court, at the City of Cincinnati, Ohio, this 31st day of October, A. D. 1922. Arthur B. Mussman, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit. [Seal of the United States Circuit Court of Appeals, Sixth Circuit.]

94 **Writ of Certiorari and Return.**

(Filed Feb. 1, 1923.)

UNITED STATES OF AMERICA, *ss:*

[Seal of the Supreme Court of the United States.]

The President of the United States of America to the Honorable the Judges of the United States Circuit Court of Appeals for the Sixth Circuit, Greeting:

Being informed that there is now pending before you a suit in which William J. Peck is appellant, and The Standard Parts Company is appellee, which suit was removed into the said Circuit Court of Appeals by virtue of an appeal from the District Court of the United States for the Northern District of Ohio, and we, being willing for certain reasons that the said cause and the record and proceedings therein should be certified by the said Circuit Court of Appeals and removed into the Supreme Court of the United States, Do
95 hereby command you that you send without delay to the said Supreme Court, as aforesaid, the record and proceedings in said cause, so that the said Supreme Court may act thereon as of right and according to law ought to be done.

Witness the Honorable William H. Taft, Chief Justice of the United States, the twenty-fifth day of January, in the year of our Lord one thousand nine hundred and twenty-three. Wm. R. Stansbury, Clerk of the Supreme Court of the United States.

United States Circuit Court of Appeals for the Sixth Circuit, ss:

I, Arthur B. Mussman, clerk of the United States Circuit Court of Appeals for the Sixth Circuit, do hereby certify that the transcript of the record of the proceedings of this court in the within entitled case heretofore certified by me for filing in the Supreme Court of the United States was correct and complete as the same then appeared in this Court.

In pursuance of the command of the foregoing writ of certiorari I now hereby certify that on the 27th day of January, A. D. 1923, there was filed in my office a stipulation in the above entitled case in the following words, to-wit:

In the United States Circuit Court of Appeals for the Sixth Circuit. William J. Peck, appellant, vs. The Sandard Parts Company, appellee. No. 3640. Stipulation.

Whereas, the Supreme Court of the United States has heretofore granted the petition of the appellee for a writ of certiorari to review the record in the above cause, and under date of January 25, 1923, issues its writ of certiorari directing the above court to send to it the record and proceedings in the above cause, a certified copy of which said record and proceedings *have* heretofore been lodged in said court by the appellee.

Now, therefore, it is hereby stipulated by and between the parties to the above entitled action that the certified copy of the record in the above entitled cause heretofore filed in the Supreme Court of the United States by the appellee as a part of its petition for a writ of certiorari may be taken as the return to the writ of certiorari issued by the Supreme Court of the United States, and that when this stipulation may have been filed with the clerk of the United States Circuit Court of Appeals for the Sixth Circuit a certified copy thereof may be forwarded by him to the Clerk of the Supreme Court of the United States as his return to the writ of certiorari issued out of the Supreme Court of the United States on the 25th day of January, 1923. Edward O. Peck, Attorney for Appellant. B. M. Kent, Attorney for Appellee. Dated January 26th, 1923.

I further certify that the above is a true and correct copy of said stipulation and of the whole thereof. Witness my official seal, signature and the seal of said Circuit Court of Appeals at the City of Cincinnati, Ohio, in said Circuit this 27th day of January, A. D. 1923. Arthur B. Mussman, Clerk United States Circuit Court of Appeals for the Sixth Circuit. [Seal of the United States Circuit Court of Appeals, Sixth Circuit.]

96 [Title omitted.]

[File endorsement omitted.]

97 [Title omitted.]

[File endorsement omitted.]

No. 160

FILED
DEC 4 1922
WM. R. STANSBURY
CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1922.

THE STANDARD PARTS COMPANY,
Petitioner,

vs.

WILLIAM J. PECK,
Respondent.

PETITION FOR WRIT OF CERTIORARI, AND BRIEF IN SUPPORT OF PETITION.

JOHN M. GARFIELD,
A. V. CANNON,
Attorneys for Petitioner,

JAMES P. WOOD,
BERT M. KENT,
Of Counsel.

No. 718.

In the Supreme Court of the United States

OCTOBER TERM, 1922.

THE STANDARD PARTS COMPANY,
Petitioner,

vs.

WILLIAM J. PECK,
Respondent.

PETITION FOR WRIT OF CERTIORARI.

Your petitioner, The Standard Parts Company, an Ohio corporation, respectfully shows:

That your petitioner is the legal successor to the assets, business and good-will of The Hess-Pontiac Spring and Axle Company, a Michigan Corporation, formerly engaged in the manufacture of automobile springs at Pontiac, Michigan.

That on or about August 23, 1915, your petitioner's predecessor, The Hess-Pontiac Spring and Axle Company, entered into a contract with William J. Peck, the respondent, of Peoria, Illinois, the body of which contract is as follows (Record 27, 28):

> "This Agreement Witnesseth, that second party (Peck) is to devote his time to the development of a process and machinery for the production of the front spring now used on the product of The Ford Motor Company and first party (The Hess-Pontiac Spring and Axle Company) is to pay second party for such services the sum of $300.00 per month.

That should said process and machinery be finished at or before the expiration of four months from Aug. 11th, 1915, second party is to receive a bonus of One Hundred Dollars per month.

That when finished, Second Party is to receive a bonus of Ten Dollars for each per cent of reduction from present direct labor as disclosed by the books of First Party."

That Peck, who had been known by the officers of The Hess-Pontiac Spring and Axle Company as a machine designer and patent attorney, proceeded under said contract and developed a process and machinery, as contemplated therein, being employed on this work for one year and eight months and receiving for his services, the sum of $6,000 plus a bonus of $660 to which he was entitled, on account of the saving in cost shown by the machinery devised.

That Peck, ignoring demands that he assign the inventions involved in said machinery to The Hess-Pontiac Company, took out, in his own name, patent No. 1,249,473 upon a part of the machinery devised under said contract, subsequent to the termination of his services.

That your petitioner, after acquiring the business of The Hess-Pontiac Spring and Axle Company, proceeded to construct additional machinery of the kind that had been devised by Peck under the said contract, and installed the same in the plant that had been formerly owned and operated by The Hess Pontiac Spring and Axle Company.

That, on May 4, 1920, Peck brought suit against your petitioner, in the United States District Court for the Northern District of Ohio, Eastern Division, alleging infringement of said patent 1,249,473.

That to said suit your petitioner interposed the defense of non-infringement, denied that Peck was the true owner of said patent and, by way of counterclaim, pleaded that it had equitable title to said patent and the invention covered thereby, under said contract, and asked that Peck be required to assign the legal title to said patent to your petitioner.

That the execution of said contract was admitted by Peck in his answer to your petitioner's counterclaim and, upon hearing the case, the District Court, Honorable D. C. Westenhaver presiding, entered a decree dismissing Peck's bill of complaint and sustaining your petitioner's counterclaim, and ordering Peck to make a legal assignment of the patent to your petitioner, the Court following the doctrine, as to the rights of the employer and employee with respect to inventions and patents, laid down, by this honorable Court, in the case of *Solomons vs. United States,* 137 U. S. 342, and affirmed in *McAleer vs. United States,* 150 U. S. 424, and *Gill vs. United States,* 160 U. S. 426:

> "If one is employed to devise or perfect an instrument, or means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer." (*Solomons vs. United States, supra.*)

That the respondent appealed to the Court of Appeals of the Sixth Circuit, which, on hearing the case, reversed the District Court, rejecting the doctrine laid down by this Court in *Solomons vs. United States, Mc-*

Aleer vs. United States and *Gill vs. United States, supra,* in the following language:

> "We conclude that the supposed exception cannot be accepted as an existing rule, and that an invention does not belong to the employer merely by virtue of an employment as well when that employment is to devise or improve a specific thing as when the employment is to devise improvements generally in the line of the employer's business." (Bottom of Page 12 of printed opinion.)

Your petitioner exhibits, as a part of the application, a certified copy of the record, the decree of reversal, and the opinions of the District Court and the Court of Appeals.

Upon this statement of facts and the record in the cause, the petitioner submits the following reasons why the judgment of the Circuit Court of Appeals reversing the decree of the District Court, should be brought here for review by this Court.

1. Because the Court of Appeals erred in deciding this case on grounds directly opposed to the rule of law on the subject laid down by this Court in the *Solomons, McAleer* and *Gill* cases, *supra.*

2. Because the Court of Appeals, by its opinion, expresses its uncertainty as to the effect of the decisions of this Court and states that if the doctrine quoted above from the *Solomons* case and affirmed in the *McAleer* and *Gill* cases, is the rule of law, it controls this case, the Court of Appeals using the following language on this point:

> "The supposed exception was formulated by Mr. Justice Brown in *Gill vs. United States,* 160 U. S. 426, when he said on page 435, after stating the general rule that ordinarily the inventions and pat-

ents of the employe for improvements in the machine with which he is connected belong to him:

> 'On the other hand hand, it is equally clear that if the patentee be employed to invent or devise such improvements, his patents obtained therefor belong to his employer, since in making such improvements, he is merely doing what he was hired to do.'
>
> If this is to be taken as an accurate statement of the existing rule of law, it applies to the situation here involved and justifies the decree below. Whether it should be so accepted is a question of great general importance, which has received careful consideration in only one reported case, and which we think justifies a full discussion."

3. Because the case squarely presents a question that is of great general importance to the industries of the country and should, therefore, be reviewed by this Court in order to establish a precedent that will clear up the present confusion in the lower courts as to whether the rule laid down in the *Solomons* case by this Court is to be followed as the law on the subject.

4. Because said decision, if allowed to stand, deprives your petitioner of property rights of great value to which it is entitled as one of the fruits of the employment of the respondent for the specific purpose of devising the machinery with which this action is concerned.

5. Because, under the circumstances heretofore stated, a full consideration of the case by this honorable Court will tend to prevent costly and undesirable litigation, and promote justice to all concerned.

Wherefore, in view of the premises, your petitioner prays that this honorable Court will grant its writ of cer-

tiorari directed to the Circuit Court of Appeals for the Sixth Circuit, requiring that the record of said cause in the said Court and its decree be certified to this Court, and that this honorable Court will thereupon proceed to correct the errors complained of, reverse the said decree and remand the said cause, and give to your petitioner such other and further relief as the nature of the case may require and to the Court may seem proper in the premises.

THE STANDARD PARTS COMPANY,
By JOHN M. GARFIELD,
A. V. CANNON,
Attorneys.

JAMES P. WOOD,
BERT M. KENT,
Of Counsel.

State of Ohio,
County of Cuyahoga, ss.

A. V. CANNON, being duly sworn, says that he is one of the counsel for The Standard Parts Company, the petitioner, that he prepared the foregoing petition, and that the allegations thereof are true as he verily believes.

A. V. CANNON.

Subscribed and sworn to before me by A. V. Cannon this the 2nd day of December, A. D. 1922. My commission expires September 24, 1923.

LUCY A. O'NEILL,
Notary Public, Cuyahoga County, Ohio.

No. 718.

In the Supreme Court of the United States

OCTOBER TERM, 1922.

THE STANDARD PARTS COMPANY,
Petitioner,

vs.

WILLIAM J. PECK,
Respondent.

BRIEF FOR THE STANDARD PARTS COMPANY IN SUPPORT OF ITS APPLICATION FOR WRIT OF CERTIORARI.

STATEMENT OF FACTS.

William J. Peck, of Peoria, Illinois, a machine designer and patent attorney, on or about August 23, 1915 entered into a contract with The Hess-Pontiac Spring and Axle Company, a Michigan corporation of Pontiac, Michigan, hereinafter referred to as the Company, the body of which contract was as follows (Record 27, 28):

> "This Agreement Witnesseth, that second party (Peck) is to devote his time to the development of a process and machinery for the production of the front spring now used on the product of The Ford Motor Company and first party (The Hess-Pontiac Spring and Axle Company) is to pay second party for such services the sum of $300.00 per month.
>
> That should said process and machinery be finished at or before the expiration of four months

from Aug. 11th, 1915, second party is to receive a bonus of One Hundred Dollars per month.

That when finished, Second party is to receive a bonus of Ten Dollars for each per cent of reduction from present direct labor as disclosed by the books of First Party."

The Company was, at that time, engaged in the manufacture of automobile springs and Peck had, for many years prior to making said contract, been well known to the officials of the company as a machine designer and patent attorney and, at one time, had been employed by the Hess Spring and Axle Company of Carthage, Ohio. Mr. E. J. Hess was the principal stockholder of both of these companies and one of the officers.

Under said contract, Peck proceeded to devise a process and machinery for making the front spring of the Ford automobile and was employed on this work for a period of one year and eight months and was paid for his services the sum of $6000, plus a bonus of $660—a total of $6,660. The contract itself made no specific mention regarding the ownership of any inventions or patents that might be developed by Peck in the performance of the contract and the question here involved is whether or not such inventions and patents therefor became the property of the employer by virtue of said contract.

Subsequent to the termination of Peck's services, the petitioner, The Standard Parts Company, acquired the assets, business and good-will of The Hess-Pontiac Spring and Axle Company and became the legal successor of that company and thereafter proceeded to build additional machines of the type devised by Peck under said contract, and installed the same in the Pontiac

Plant which had been formerly owned and operated by The Hess-Pontiac Spring and Axle Company.

Peck took out, in his own name, Letters Patent No. 1,249,473 on the machinery which had been devised under the contract. The Company had claimed title to the inventions, developed by Peck under said contract, prior to the termination of Peck's services (See plaintiff's Exhibit 20, Record page 45) and subsequently The Standard Parts Company claimed title to said inventions and to said Letters Patent 1,249,473, as the successor of The Hess-Pontiac Spring and Axle Company.

On May 4, 1920, Peck filed a suit against the petitioner in the District Court of the United States for the Northern District of Ohio, Eastern Division, alleging infringement of said Letters Patent 1,249,473 and, in defense of said suit, The Standard Parts Company denied that Peck was the true owner of said patent and, by way of counterclaim, pleaded equitable title to the patent and asked the Court to order Peck to make an assignment of the legal title. The suit was tried before his Honor, Judge D. C. Westenhaver, who decided that said patent belonged to The Standard Parts Company, and a decree was issued ordering Peck to make assignment of the legal title.

Peck then appealed to the Circuit Court of Appeals of the Sixth Circuit and, after hearing the case, that Court reversed the decision of the District Court and held that the Standard Parts Company did not have equitable title to the patent. (*Peck vs. Standard Parts Co.*, 282 Fed. 443.) This decision is believed by your petitioner to be contrary to the precedents established by this Court in similar cases, to be grossly inequitable, and, if allowed to stand, will deprive your petitioner of property rights of great value and will add to the exist-

ing confusion in the courts as to the rule of law intended to be laid down by this Court in its most recent decisions bearing on the question here involved.

The opinion of Judge Westenhaver appears on pages 47 to 53 of the record. He found the facts to be, as follows (Record, 52, 53):

> "In this case plaintiff was employed for a specific purpose. He had no general employment and performed no services except in that one capacity. The entire consideration received by him was paid in developing the process and machinery which has eventuated in a patentable invention. He was not employed generally in a certain line of work and devised merely an improved method or instrument for doing that work. He was employed and paid to develop a process or machinery or means of accomplishing a prescribed result."

Having found the facts to be as stated above, Judge Westenhaver followed the rule as laid down by this Court in *Solomons vs. United States* (137 U. S. 342) and decided that the invention and patent belonged to the employer. This rule, as stated in the *Solomons* case and as approved by this Court in the later cases of *McAleer vs. United States* (150 U. S. 424) and *Gill vs. United States* (160 U. S. 426), is as follows:

> "If one is employed to devise or perfect an instrument, or means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer.

So, also, when one is in the employ of another in a certain line of work, and devises an improved method or instrument for doing that work, and uses the property of his employer and the services of other employes to develop and put in practicable form his invention, and explicitly assents to the use by his employer of such invention, a jury, or a court, trying the facts, is warranted in finding that he has so far recognized the obligations of service flowing from his employment and the benefits resulting from his use of the property, and the assistance of the co-employes, of his employer, as to have given to such employer an irrevocable license to use such invention."

ARGUMENT.

The Court of Appeals did not differ with Judge Westenhaver as to the facts and conceded that if the rule stated in *Gill vs. United States, supra,* was the law, it justified the decree of Judge Westenhaver, using the following language on this point (page 3 of the printed opinion):

"The question now for determination is whether there is an exception to the universality of the first rule, by which, though in the absence of any express contract or distinct understanding that the patent shall belong to the employer, that result will follow as a matter of law from some particular contracts of employment. The supposed exception was formulated by Mr. Justice Brown in *Gill vs. United States,* 160 U. S. 426, when he said on page 435, 16 Sup. Ct. 322, on page 326 (40 L. Ed. 480), after stating the general rule that ordinarily the inventions and patents of the employee for improvements in the machines with which he is connected belong to him:

'On the other hand, it is equally clear that, if the patentee be employed to invent or devise

such improvements, his patents obtained therefor belong to his employer, since in making such improvements he is merely doing what he was hired to do.'

If this is to be taken as an accurate statement of the existing rule of law, it applies to the situation here involved and justifies the decree below. Whether it should be so accepted is a question of great general importance, which has received careful consideration in only one reported case, and which we think justifies a full discussion."

The Court of Appeals reached the conclusion, after an analysis of the various decisions, that there was no exception, such as stated in the *Gill* case, this conclusion being stated in the following language (page 12 printed opinion):

"We conclude that the supposed exception cannot be accepted as an existing rule, and that an invention does not belong to the employer merely by virtue of an employment as well when that employment is to devise or improve a specific thing as when the employment is to devise improvements generally in the line of the employer's business."

It appears, from an examination of the reported cases, both State and Federal, that the lower courts have widely divergent views as to the rule of law intended to be laid down by this Court on the question of the right of the employer to the inventions and patents of the employee in a case where the employee is hired to devise a specific thing for the employer. Judge Westenhaver, in his opinion, (Record, page 48) expressed his uncertainty as to the law on the subject, in the following language:

"Whether the invention thus developed accrued to the employer or whether title thereto remained in the employee, and the employer obtained only a

license or shop-right, would seem, at first glance, easy to decide. An examination, however, of the decisions of the United States Supreme Court and of other Federal cases attempting to distinguish those cases, discloses a most confusing state of the law."

The Court of Appeals refers to the uncertainty in the following language which follows the reference to the *Gill* case, *supra* (page 3 of the printed opinion):

> "If this is to be taken as an accurate statement of the existing rule of law, it applies to the situation here involved and justifies the decree below. Whether it should be so accepted is a question of great general importance, which has received careful consideration in only one reported case, and which we think justifies a full discussion.
>
> In the dearth of actual authority, the situation invites thought as to the underlying principles and reasons."

The question here involved frequently arises in the State courts and, as further illustrating the existing confusion as to the law on the subject, reference is made to the recent case of *Air Reduction Co. vs. Walker* (195 N. Y. Supp. 120), in which the facts closely parallel those of the present case. Here the employee was required to assign the patent to his employer. The following is quoted from the opinion of Justice Cropsey:

> "* * * There was no express agreement making any invention of the defendant the property of the plaintiff, nor was there any express agreement that the defendant would assign to the plaintiff any patent he might obtain. But he was employed to give his time and scientific skill for the very purpose of trying to discover and invent some practical use for this gas. In other words, he sold his inventive powers to the plaintiff during the period

of his employment. Under these circumstances I think there is an implied agreement that the results of defendant's work shall belong to plaintiff and that any patent obtained by defendant should be assigned by him. (*Annin vs. Wren*, 44 Run. 352; *Connelly Mfg. Co. vs. Wattles*, 49 N. J. Eq. 92; *Meissner vs. Standard Railway Equipment Co.*, 109 S. W. Rep. 730, Supreme Court of Missouri; *Dowse vs. Federal Rubber Co.*, 254 Fed. Rep. 308; *Famous Players-Lasky Corp'n vs. Ewing*, 194 Pac. Rep. 65, Cal.) No case in this state holding the contrary has been brought to the court's attention. *Clark vs. Fernoline Chemical Co.* (5 Supp. 190) decides only a question of pleading. Its statements upon this subject are purely *obiter*. There are decisions in some other jurisdictions which seem to be at variance with those above cited. (See *American Circular Loom Co. vs. Wilson*, 198 Mass. 182, 201; *Dalzell vs. Dueber Mfg. Co.*, 149 U. S. 315; *Barber vs. National Carbon Co.*, 129 Fed. Rep. 370; *Pressed Steel Car Co. vs. Hansen*, 137 Fed. Rep. 403; *Holdreth vs. Duff*, 143 Fed. Rep. 139; *Hapgood vs. Hewitt*, 119 U. S. 226.) Some of these cases may be distinguishable, but even if they be not I believe the sounder rule is set forth in the cases first cited. Hence the plaintiff is not entitled only to a shop right to use the patent, but is entitled to own it outright, and hence should have judgment against the defendant, with costs. * * *"

In this state of confusion as to the rule intended to be laid down by this Court in the *Solomons, McAleer* and *Gill* cases, *supra*, and, in view of the great general importance of the question, as stated by the Court of Appeals in its opinion, it would seem that this case should be reviewed, since it squarely presents the question as to whether the employer is entitled to the inventions and patents of the employee under a contract to devise a specific thing for the employer.

The question here involved affects industries generally and is continually arising because the lower courts are uncertain as to the rule intended to be laid down by this Court in the *Solomons, McAleer* and *Gill* cases. This uncertainty arises from the fact that in all three of these cases the question of title to the patent was not directly involved. These suits were against the government and the defense was that of implied license and no demand was made for title to the patent. However, in deciding the question of license this Court also stated the doctrine on the question of ownership of the patent, where the employee contracts to devise a specific thing, but many of the lower courts have been inclined to look upon the statement of the doctrine as to ownership, as *obiter dictum*. Until this question is again passed upon by this Court and a precedent thereby established there will continue to be confusion among the lower courts, and extensive litigation on the subject which can only be avoided by a definite statement of the law by this Court.

Wherefore, in view of the great general interest of the question herein involved and the confusion among the lower courts, as to the intent of this Court in its prior decisions, it is believed that this case should be reviewed and to that end the petition for a writ of certiorari granted.

Respectfully submitted,

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1923.

No. 160.

THE STANDARD PARTS COMPANY, a Corporation,
Petitioner,

vs.

WILLIAM J. PECK,
Respondent.

BRIEF FOR WILLIAM J. PECK, RESPONDENT.

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BRIEF FOR WILLIAM J. PECK, RESPONDENT.

Statement of the Case.

This case comes before this court through the granting of a petition for certiorari, and presents for review a decision of the United States Circuit Court of Appeals for the Sixth Circuit unanimously reversing the decision of the United States District Court for the Northern District of Ohio, Eastern Division.

Two questions are presented:

First, whether the well recognized rule that an employer is not entitled to an assignment of patentable in-

ventions made by an employee in the absence of an express agreement to that effect, is subject to the exception that when the employment is for the purpose of developing or devising certain improvements, then the employer is entitled, without any express agreement, to an assignment of any patent obtained by the employee covering any inventions developed during his employment.

Second, whether a defendant, who has relied upon a single defense and has been defeated by a United States Circuit Court of Appeals, is entitled to have the case remanded for retrial with leave to present other defenses which were available to the defendant at the original trial, but which it elected not to rely upon.

A company known as the Hess-Pontiac Spring & Axle Company, of Pontiac, Michigan, desired to improve its methods and machinery for manufacturing front springs for Ford automobiles, and on August 3, 1915, through its Mr. E. J. Hess, took up the matter with respondent William J. Peck, a machine designer and patent attorney, who had for five years prior to 1912 been employed by the Hess Spring & Axle Company, of Carthage, Ohio, with which the said Hess had been connected (R. 11).

Hess suggested to Peck that he become associated with the Hess companies, and a verbal proposal made by Hess was considered by Peck, but on August 4, 1915, Peck advised Hess that he could not accept the proposition which he had made.

Thereafter, Peck and a Mr. Litchfield, president of the Hess-Pontiac Spring & Axle Company, made a trip from Jackson, Michigan, to Pontiac, Michigan; thence to Detroit; Canton, Ohio; and Harrison, New Jersey; to ascertain what, if any, machinery was available which could be incorporated in the spring making plant of the Hess-Pontiac Spring & Axle Company.

Peck testified:

"After our return from that trip, I designed an

outfit or machinery, which was subsequently built, and it was shortly after my return from this trip that the contract in question was entered into and the work proceeded under that contract." (R. 11.)

The contract referred to was entered into on the 23rd day of August, 1915, between the Hess-Pontiac Spring & Axle Company and the respondent William J. Peck (R. 7). This contract provided:

> "This agreement witnesseth, that second party is to devote his time to the development of a process and machinery for the production of the front spring now used on the product of The Ford Motor Co. and second party is to pay first party for such services the sum of Three Hundred Dollars per month.
>
> "That should said process and machinery be finished at or before the expiration of four months from Aug. 11th, 1915, second party is to receive a bonus of One Hundred Dollars per month.
>
> "That when finished, second party is to receive a bonus of Ten Dollars for each per cent. of reduction from present direct labor as disclosed by the books of first party." (R. 7.)

Peck proceeded under the said contract to build a series of machines and develop processes for the Hess-Pontiac Spring & Axle Company to use in making springs, including a machine for forming and quenching leaf-springs, six of which were built, installed and put into operation under Peck's supervision, for the Hess-Pontiac Company (R. 10).

Peck's employment under the said contract continued for one year and eight months, when he had completely fulfilled all of his obligations thereunder. He had constructed for the Hess-Pontiac Spring & Axle Company machines and processes which saved the said company sixty-six per cent. in direct labor involved in making the said company's product.

Peck's entire remuneration was a salary of $300 per month for twenty months, and a bonus of $660, making

a total of $6,660 received by Peck for his twenty months' work, which resulted in a saving of sixty-six per cent. in direct labor to his employer in the manufacture of springs.

After the execution of the said contract, and after the "layout" of the machinery, it was determined that possibly some invention might be involved, and Hess promised Peck that it was his intention to establish a special trial building department for the erection of special machinery and conducting experiments, which was to be in charge of Peck. Whereupon, Peck advised Hess that when such conditions were fulfilled, he would assign to the company any invention that might be made in relation to the machinery that he had built for the Hess-Pontiac Spring & Axle Company. (R. 11.)

Conversations between the parties matured in a proposal from Peck to Hess by which Hess was to become connected with the Western Spring & Axle Company, and not with the Hess-Pontiac Spring & Axle Company, with which latter company Peck had made the said contract. No employment by either of the said companies, however, resulted, and upon the completion of the work covered by the contract, Peck's connection with the Hess-Pontiac Company ended.

On March 26, 1917, Peck wrote E. J. Hess, of the Hess-Pontiac Spring & Axle Company, that any invention incorporated in the machines which he had built for the Hess-Pontiac Spring & Axle Company belonged to him, and not to the said company. Peck said:

> "The doctrine of employer and employee, in so far as it affects the subject matter of inventions or patents has been well settled in a large number of cases, and it has been held that where there is no special agreement by which the employee must invent something, and where the employee did make an invention and if the same was reduced to practice and

the employer paid the expenses of such reductions, then the employer acquired a shop-right free of any royalty, to the use of the machines so built, but no interest in the invention itself or the patent to be obtained thereon." (R. 14, 15.)

In the said letter, Peck further stated that if the Western Spring & Axle Company, or The Standard Parts Company, which had taken over the Western Spring & Axle Company, desired to secure any patents that might be issued on the machines, he would be very glad to enter into negotiations to that end.

Two weeks prior to writing said letter, namely, on March 12, 1917, Peck had filed, at his own expense, an application for patent covering a forming and quenching machine, upon which application patent No. 1,249,473 was granted on September 11, 1917.

On May 4, 1920, respondent filed his bill of complaint in the District Court against the petitioner, The Standard Parts Company, alleging infringement of the said patent by reason of the manufacture and use by the petitioner at Cleveland, Ohio, of forming and quenching machines in infringement of said letters patent.

On June 10, 1920, the defendant filed an answer, denying that it had made or used machines in contravention of any rights of plaintiff, and included in its answer a counterclaim setting up an alleged equitable title to the said Peck patent and praying for a decree ordering plaintiff to assign the same to defendant.

The basis for said prayer set up in the counterclaim was the allegation that the petitioner, The Standard Parts Company, had succeeded to the entire assets, business, and good-will of the Hess-Pontiac Spring & Axle Company and the Western Spring & Axle Company, including all the rights of the said companies in the said contract of August 23, 1915, between the respondent Peck and the Hess-Pontiac Spring & Axle Company.

The respondent filed a reply (R. 7) to the said counterclaim on July 6, 1920, and on December 14, 1920, the case was tried in the District Court. The plaintiff testified in his own behalf, and he examined two witnesses, Beckman and Becker, relative to the manufacture and use at Cleveland, Ohio, in 1919, by The Standard Parts Company, of four spring forming and quenching machines, illustrated in Plaintiff's Exhibit 3, which machines the witness Beckman stated were the same type and embodied the same features as the spring forming and quenching machine built by Peck in Pontiac, which the witness stated he had seen there in the fall of 1918.

The plaintiff also offered in evidence certain correspondence with Mr. Litchfield and Mr. Hess, of the Hess-Pontiac Spring & Axle Company, only one of such letters, however, being included in this record, namely, Plaintiff's Exhibit 20 (R. 14), dated March 26, 1917, from Peck addresed to Mr. E. J. Hess, Hess Spring & Axle Company, Cincinnati, Ohio.

The defendant took no testimony and introduced no evidence, relying entirely upon the pleadings and the evidence of the plaintiff.

On December 27, 1920, the District Court filed an opinion sustaining the prayer of the counterclaim for an assignment of the patent in suit by the plaintiff to the defendant. On March 2, 1921, a decree was entered in the District Court conforming to the opinion.

Peck appealed from the decision of the District Court to the United States Circuit Court of Appeals for the Sixth Circuit, which court on July 21, 1922, filed an opinion fully considering and analyzing the various decisions relating to the respective rights of employers and employees to patents covering inventions made by employees, and reversed the decision of the trial court.

The court, however, remanded the case with leave to the defendant to "abandon any further claim of license as to the four infringing machines," and to "contest the patent on its merits," to make an effort "to establish a license on the theory of estoppel," "or on the theory of a practical consolidation of the Pontiac Company with the defendant."

Brief of Argument.

The action set up in petitioner's counterclaim in the trial court, and which is before this court for review, is one for the specific performance of a contract. The written contract of August 23, 1915, is merely an employment contract and contains no suggestion whatever either as to inventions or patents, and consequently nothing as to any assignment of any inventions, or patents covering the same, which might be made by Peck during the period of his employment under the said contract.

Peck had done everything which the contract imposed upon him in twenty months subsequent to the date of the contract, namely, on or about April 23, 1917, and the Hess-Pontiac Spring & Axle Company had paid Peck the salary provided for in the contract, and on November 2, 1917, paid him by check the sum of $660.00, the bonus due Peck under the contract by reason of his having developed machinery and processes which resulted in a reduction to the company of sixty-six per cent. in the cost of direct labor in manufacturing springs.

Any right of action which respondent may have must therefore be based, not upon the written contract of August 23, 1915, but upon an implied contract growing out of the employment of Peck by the Pontiac Company.

Whether or not a contract may be implied depends upon the intentions of the parties. If it was not the

intention of the parties that Peck should assign to the Pontiac Company any patentable inventions which he made during his employment, then there can be no contract implied obligating Peck to assign to petitioner the patent in suit.

Not only does an examination of the record show that there was no intention on the part of either Peck or the Pontiac Company at the time of said contract of August 23, 1915, that Peck should assign any inventions or patents to the Pontiac Company which he might make during his period of employment, but counsel for petitioner in their brief filed in this court admit that at the date of the said contract, the parties did not have in contemplation the making of patentable inventions by Peck in performing the work for which he was employed.

Obviously, if the parties did not contemplate the making of patentable inventions, they could not have intended that Peck should assign any patentable inventions which he might make to the Pontiac Company.

On page 8 of petitioner's brief, the following statements are made:

> "We believe that the parties in making the contract, as will be found from the instrument itself, contemplated the inventing of a new process and machinery *although not necessarily contemplating that a patentable invention would be made.*" (Italics ours.)
>
> ". . . *We do not contend that it was a contract to make a patentable invention or a contract to procure a patent,* but we do contend that the obligation means practically the same as if the word *invention* had been used instead of *development.*"

In petitioner's brief the following statements are made on pages 13 and 14:

> "We have referred above to the *accident of patentability* and we believe that it was purely a matter

of accident, in the present case, that a patent was obtainable, for the contract covered the development of a process and machinery for the particular purpose specified without specific mention of patents. The object of the employment was not to devise a process and machinery *for which a patent could be obtained* but a process and machinery *that would do the work required of it.* . . ."

". . . In performing the contract Peck exercised his inventive powers in precisely the same way and to the same extent as if the results had *not* been patentable, so it is obvious that the patentability of the process and machinery is a matter of accident and not design."

In view of the foregoing statements by petitioner, it is difficult to understand how any implied contract arose to assign patentable inventions made by Peck during his employment to the Pontiac Company, when according to petitioner's contention the making of a patentable invention was a matter of accident, and not design.

Peck's uncontradicted testimony is that it was not until after the contract had been entered into that any question arose as to the possibility of any patentable inventions being made by him in building the machines, and in developing the processes, for which he was employed, and that when such question arose it was in connection with a proposal to Peck that he become connected with the Western Spring & Axle Company, and not the Hess-Pontiac Spring & Axle Company.

Mr. Peck testified as follows:

". . . I have a number of letters which refer to the subject of conversations held between myself and Mr. Hess, he being the principal stockholder of The Hess-Pontiac Spring & Axle Company. He promised me it was his intention to establish a special trial building department, which was to be put in my charge, for the erection of special machinery and experimenting on it. After he had made those prom-

> ises to me I advised him that when that condition was fulfilled I would assign to the company any invention that might be made in relation to the machinery that I had built." (R. 11.)

The fact that after the contract of August 23, 1915, had been made, the representatives of said company had correspondence and conversations with Peck with a view to Peck's becoming connected with the Hess-Pontiac Spring & Axle Company, or the Western Spring & Axle Company, in which the assignment of any inventions that might be made by Peck in connection with building the machinery was discussed, clearly proves that it was not the understanding of the parties that the contract of August 23, 1915, already entered into, obligated Peck to assign to the Hess-Pontiac Company any patentable inventions that he might make in developing the machinery for said company.

Specific Performance of a Contract Not An Absolute Right.

It is well recognized that when specific performance of a contract is sought, the burden of proving the precise terms of the contract, and that it clearly obligates the defendant to do that which the action for specific performance seeks to have done, rests on him who seeks performance, and that such extraordinary equitable relief will only be granted where it is clearly established by evidence that the party seeking specific performance is entitled to it.

This court in *Hennessy* v. *Woolworth*, 128 U. S., 438, said:

> "A decree for specific performance should never be granted unless the terms of the agreement sought to be enforced are clearly proved, nor when it is left in doubt whether the party against whom relief is

asked in fact made such an agreement as is alleged. Specific performance is not of absolute right, but rests entirely in judicial discretion, to be exercised according to settled principles of equity, but always with reference to the facts of the particular case."

This court in *Colson* v. *Thompson*, 2 Wheat., 336, held:

"The contract which is sought to be specifically executed ought not only to be proved but the terms of it should be so precise as that neither party could reasonably misunderstand them. If the contract be vague or uncertain, or if the evidence to establish it be insufficient a court of equity will not exercise its extraordinary jurisdiction to enforce it, but will leave the party to his legal remedy."

In *Dalzell* v. *Dueber Mfg. Co.*, 149 U. S., 315, 325, 326, this court in holding that an employer was not entitled to have assigned to it an invention made by an employee through the specific performance of a contract, said:

"From the time of Lord Hardwicke, it has been the established rule that a court of chancery will not decree specific performance, unless the agreement is 'certain, fair and just in all its parts.' *Buxton* v. *Lister*, 3 Atk. 383, 385; *Underwood* v. *Hitchcox*, 1 Ves. Sen. 279; *Franks* v. *Martin*, 1 Eden, 309, 323. And the rule has been repeatedly affirmed and acted on by this court. In *Colson* v. *Thompson*, Mr. Justice Washington, speaking for the court, said: 'The contract which is sought to be specifically executed ought not only to be proved, but the terms of it should be so precise as that neither party could reasonably misunderstand them. If the contract be vague or uncertain, or the evidence to establish it be insufficient, a court of equity will not exercise its extraordinary jurisdiction to enforce it, but will leave the party to his legal remedy.' 2 Wheat, 336, 341. So this court has said that chancery will not decree specific performance, 'if it be doubtful whether an agreement has been concluded, or is a mere negotiation,' nor 'unless the proof is clear and satisfactory, both as to existence of the agreement and as to its terms.' *Carr* v. *Duval*, 14 Pet. 79, 83;

Nickerson v. *Nickerson*, 127 U. S. 668, 676; *Hennessy* v. *Woolworth*, 128 U. S. 438, 442.

"For these reasons, we are of opinion that the contract set forth in the bill for specific performance has not been so clearly and satisfactorily proved as to justify a decree for specific performance of that contract; and that the decree for the plaintiff on the bill of the Dueber Company must, therefore, be reversed, and the bill dismissed."

In view of the fact that there is nothing in the contract of August 23, 1915, which requires Peck to assign to the Hess-Pontiac Company any inventions, or patents covering the same, and in view of the fact that there is not only no evidence of an intention of the parties to said contract that Peck should assign to the company any patentable inventions he might make, but, on the other hand, there is evidence that there was no such intention on the part of either Peck or the Hess-Pontiac Company, petitioner is clearly not entitled under the foregoing authorities to the assignment of the patent in question either through specific performance of the written contract, or an implied contract growing out of the relationship of the employer and employee.

It has been held that a license under a patent will only be implied where the circumstances are such as to estop the patentee from denying the existence of such license. Judge Lurton in rendering the opinion for the Court of Appeals of the Sixth Circuit, in *Edison Electric Light Co.* v. *Peninsula*, 101 Fed., 831, 836, so held, and his decision has been followed as an authority upon the point.

The same rule would seemingly equally apply to an implied agreement to assign a patent to an employer, and an agreement will only be implied where the circumstances are such as to estop the employee from denying the employer's equitable title to the patent. In the case at bar, the circumstances do not create an estoppel

against Peck's denying the equitable title of the petitioner to the patent in suit.

Equitable estoppel only exists where the party sought to be estopped has made representations which have been acted upon by the party claiming the estoppel to his injury. Peck made no representations, and none can be implied, which respondent acted upon to its injury.

Any injury which might be done to the petitioner by the decision of the Court of Appeals results not from any reliance upon representations made by Peck, but upon disregard and defiance of his representations.

Peck in his letter of March 26, 1917, expressly advised the Hess-Pontiac Spring & Axle Company, his employer under the contract of August 23, 1915, and whose rights under the said contract petitioner alleges it acquired, that he was under no obligation to assign the patent in suit to the Pontiac Company.

Nevertheless, the petitioner more than two years subsequent to the express representation by Peck that the title to the patent belonged to him, and not to his employer, proceeded to build and use four machines embodying the invention covered by the Peck patent. Any injury which the petitioner may therefore sustain by reason of an injunction against its use of the said four machines is, therefore, not due to any reliance on representations made by respondent as to the ownership of the patent in suit, but upon acts in defiance of respondent's representations.

Relative Rights of Employer and Employee to Inventions Made by Employee.

Respondent's counsel have been able to find only two decisions by this court in which the right of an employer to patents covering inventions made by an employee has been directly adjudicated. In both of said decisions this

court held that in the absence of an express agreement, an employer was not entitled to an assignment from an employee of inventions made by the employee, but was only entitled to a shop-right, or non-exclusive, non-transferable license under such patents.

In three decisions by this court in which the title to the patent covering the invention of an employee was not at issue, but merely the right of an employer to a license under the patent of employee, this court suggested that where one is employed to devise certain improvements, his patents obtained therefor belong to his employer. Petitioner contends that such decisions establish the rule that although an employer is not entitled generally to an assignment of patents made by an employee in the absence of an express agreement to that effect, yet when an employee is employed for the particular purpose of making certain improvements, or certain machines, patents covering the same belong to the employer.

The Court of Appeals held that there was no basis for such an exception to the general rule that in the absence of an express agreement an employer is not entitled to an assignment of patents covering inventions made by employees.

The court said:

> ". . . We have not found, in any of the cases, any reason suggested for such a distinction; nor do we observe any. Surely, the reason that the fruits of the inventive skill have been bought and paid for, if it were a good reason, would deny the general rule as well as support the exception. Nor can any theory of estoppel uphold the exception, as distinct from the rule. Ordinarily, every equity in the employer created by estoppel will be completely satisfied by a license; and, if estoppel could lead to a right to have the patent conveyed to the employer, that result would follow as well in contracts of general employment as with contracts to devise a particular thing. . . ." (R. 32, 33.)

"From this further review it may be said that the alleged exception never has been applied or enforced in any case." (R. 37.)

The first of the two decisions of this court which directly decided that an employer is not entitled to a patent covering an invention made by employee, in the absence of an express agreement to that effect, but only to a shop-right, or non-exclusive, non-transferable license thereunder, was that in *Hapgood* v. *Hewitt,* 119 U. S., 226. Hewitt represented to the Hapgood Company that he was a man of large experience in mechanical pursuits and had been for several immediately preceding years employed by Avery & Sons, plow manufacturers at Louisville, and was familiar with the manufacture of plows and agricultural implements and had been instrumental in devising the best plows manufactured by Avery & Sons, and the most valuable improvements in the plows manufactured by said company had been devised by him.

The bill of complaint in the said case further alleged (p. 229):

"In consequence of these representations and relying upon them, the corporation employed Hewitt to devote his time and services to getting up, improving and perfecting ploughs and other goods and to introducing the same; and, that he might be more fully identified with the corporation, he purchased one share of its stock, and was elected vice-president. At some time in 1874 Hewitt increased his interest in the company by purchasing one-half of the shares owned by the president. As a part of the same transaction, it was agreed between Hewitt and the corporation, that, from that date Hewitt should fill the position of superintendent of the manufacturing department, and as such not only exercise a general supervision over that department, subject to the president, *but also devote his time and services*

to devising improvements in, and getting up and perfecting ploughs adapted to the general trade of the corporation. He accepted the position and held it until the fall of 1877, when his connection with the corporation ceased. *He agreed, in such new position, to use his best efforts, and devote his knowledge and skill, in devising and making improvements in the ploughs* manufactured by the corporation, and in getting up and perfecting ploughs and other agricultural implements adapted to its trade. In view of the expected value of his services in this latter direction, the corporation was induced to pay him, and did pay him, a salary of $3000 a year." (Italics ours.)

The opinion of this court further states that the bill alleged (pp. 230, 231):

". . . Hewitt was, early in the summer of 1876, directed by the president to proceed at once to devise and build an iron sulky plough according to the suggestions so made, that is, that he should retain in the new plough all the valuable features of the wooden sulky, which the corporation had been manufacturing, should construct the plough of wrought and malleable iron, should adopt the other features suggested by the president and the arch suggested by Black, and should add such additional features as might seem advantageous to him, Hewitt. He was directed to proceed with the work without delay, so that the corporation might be ready to manufacture the new plough for the season of 1877. In accordance with those directions, Hewitt devised and constructed a sulky plough of wrought and malleable iron, and, after some delays, about the 1st of April, 1877, produced a plough satisfactory to the president. . . . During the whole time of the construction of the plough, it was understood by all the parties engaged therein, and by those at whose instance its construction was commenced, that it was being devised and constructed for the use and benefit of the corporation, and as a model for the future construction of sulky ploughs by it."

After Hewitt's connection with the corporation had

ceased, he applied for and obtained a patent covering the said improvements in plows which had been used by the corporation with his knowledge and consent, and thereafter threatened to enforce his rights under the said patent against the corporation, whereupon the corporation instituted a suit for a decree directing that Hewitt be made to assign the said patent to the corporation.

This court in its opinion held (p. 233):

> "The decision of the Circuit Court, 11 Bissell, 184, was placed on the ground (1) that Hewitt was not expressly required, by his contract, to exercise his inventive faculties for the benefit of his employer, and there was nothing in the bill from which it could be fairly inferred that he was required or expected to do so; (2) that, whatever right the employer had to the invention by the terms of Hewitt's contract of employment, was a naked license to make and sell the patented improvement as a part of its business, which right, if it existed, was a mere personal one, and not transferable, and was extinguished with the dissolution of the corporation.
>
> "We are of opinion that the views taken of the case by the Circuit Court were correct. There is nothing set forth in the bill, as to any agreement between the corporation and Hewitt, that the former was to have the title to his inventions or to any patent that he might obtain for them. The utmost that can be made out of the allegations is, that the corporation was to have a license or right to use the inventions in making ploughs. It is not averred that anything passed between the parties as to a patent. We are not referred to any case which sustains the view, that, on such facts as are alleged in the bill, the title to the invention or to a patent for it passed. In *McClurg* v. *Kingsland*, 1 How. 202, the facts were in some respects like those in the present case, but the decision only went to the point that the facts justified the presumption of a license to the employer to use the invention, as a defence by him to a suit for the infringement of the patent taken out by the employee."

The decision in the Hapgood case is in point in all material respects as compared with the case at bar, and in view thereof, it is clear that The Hess-Pontiac Spring & Axle Company was never entitled to any more than a shop-right under the contract. At best the shop-right operates only as a license to the employer to use the machinery and method, and does not confer on the employer any legal title to the invention or to a patent for it. Accordingly, whatever right The Hess-Pontiac Spring & Axle Company acquired was a naked license to use the patented improvement as a part of its business, which right, if it existed, was a mere personal one and not transferable.

The law set forth in the case of *Hapgood* v. *Hewitt* has never been overruled and has been cited as a controlling authority in many cases, some of which are:

Dalzell v. *Dueber Mnfg. Co.*, 149 U. S., 320.

Pressed Steel Car Co. v. *Hansen*, 128 Fed., 445, and 137 Fed., 407.

Morton v. *A. H. Andrews Co.*, 229 Fed., 150.

Niagara Fire Extinguisher Co. v. *Hibbard*, 179 Fed., 845.

Burpee v. *Guggenheim*, 226 Fed., 219.

Johnson Furnace & Engineering Co. v. *Western Furnace Co. et al.*, 178 Fed., 823.

Hildreth v. *Duff*, 139 Fed., 141.

Barber v. *National Carbon Co. et al.*, 129 Fed., 372.

The decision of this court principally relied upon by petitioner is that in *Solomons* v. *United States*, 137 U. S., 342, which, although subsequent to the decision in *Hapgood* v. *Hewitt*, did not refer thereto, doubtless because the title to the patent in suit was not at issue, but merely the right of the United States to a license thereunder.

The inventor Clark was chief of the Bureau of Printing and Engraving, and while so employed invented a self-canceling stamp, as the result of a duty directly assigned to him of devising such a stamp. Solomons, the assignee of the Clark patent, brought suit against the United States for infringement by reason of its use of the self-canceling stamp invented by Clark. The government relied for its defense upon a shop-right or license growing out of the inventor's employment by the government at the time he made the invention. Such defense was sustained not only by the Court of Claims, but by this court.

Justice Brewer in rendering the opinion for this court said (p. 346):

> "An employee, performing all the duties assigned to him in his department of service, may exercise his inventive faculties in any direction he chooses, with the assurance that whatever invention he may thus conceive and perfect is his individual property. There is no difference between the government and any other employer in this respect. But this general rule is subject to these limitations. If one employed to devise or perfect an instrument, or a means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer. So, also, when one is in the employ of another in a certain line of work, and devises an improved method or instrument for doing that work, and uses the property of his employer and the services of other employees to develop and put in practicable form his invention, and explicitly assents to the use by his employer of such invention, a jury or a court trying the facts, is warranted in finding that he has so far recognized

the obligations of service flowing from his employment and the benefits resulting from his use of the property, and the assistance of the co-employees, of his employer, as to have given to such employer an irrevocable license to use such invention. The case of *McClurg* v. *Kingsland,* 1 How. 202, is in point."

Subsequent to the decision in *Solomons* v. *United States,* this court in *Dalzell* v. *Dueber,* 149 U. S., 315, had before it a case in which was directly involved the title of an employer to a patent covering an invention made by an employee, and the decision in *Hapgood* v. *Hewitt* was followed. This court held that the employer was not entitled to an assignment of the patent, as there was no express agreement to that effect, and, although the employee was employed "at increased wages to aid in experimenting upon inventions upon machinery and tools to be used in the manufacture of various portions of watch cases."

In the opinion, this court said (p. 320):

"But a manufacturing corporation, which has employed a skilled workman, for a stated compensation, to take charge of its works, and to devote his time and services *to devising and making improvements* in articles there manufactured, is not entitled to a conveyance of patents obtained for inventions made by him while so employed, in the absence of express agreement to that effect. . . ."

"This testimony tends to show no more than that Dalzell expressed a confident belief that, if his wages should be raised, the improvements which he would make during the coming year would justify the increase. It has no tendency to prove any such promise or contract as alleged in the bill, or any other promise or contract on Dalzell's part. So far, therefore, no contract is proved, even if full credit is given to Dueber's testimony." (P. 321.)

"Parts of a correspondence of Whitney with Dueber, and with Dalzell, during the summer of 1885, were put in evidence, which indicate that Whitney, while advising Dalzell as to his interests, sought to

ingratiate himself with the Dueber Company. But they contain nothing to show any admission by Dalzell that he had agreed, or intended, to assign the patent rights to the Dueber Company, without first obtaining some arrangement whereby he might be compensated for his inventions." (P. 325.)

"It is proper to add that the question whether the Dueber Company, by virtue of the relations and transactions between it and Dalzell, had the right, as by an implied license, to use Dalzell's patents in its establishment, is not presented by either of these records, but may be raised in the further proceedings upon the bill against the Dueber Company for an infringement." (P. 326.)

In *McAleer* v. *United States*, 150 U. S., 424, this court in an appeal from the court of claims held valid the defense of the United States that it had an implied license under the plaintiff's patent by reason of the employment of the inventor by the government at the time he made his invention.

The court did not have before it, and did not decide whether the United States was entitled to an assignment of the plaintiff's patent, and consequently did not cite its previous decisions in *Hapgood* v. *Hewitt* and *Dalzell* v. *Dueber*. The court relied upon its decision in *Solomons* v. *United States*, and quoted therefrom the statement we have hereinabove quoted.

In *Gill* v. *United States*, 160 U. S., 426, this court had before it another appeal from the court of claims in which the government relied upon an implied license as a defense to the bill of complaint, the inventor having been in the employ of the government at the time he made the invention.

This court said (p. 430):

"The principle is really an application or outgrowth of the law of estoppel *in pais*, by which a person looking on and assenting to that which he has power to prevent, is held to be precluded ever

afterwards from maintaining an action for damages."

The government made no claim to the legal title of the patent in suit, and hence the decisions in *Hapgood* v. *Hewitt* and *Dalzell* v. *Dueber* were not cited in the opinion of the court.

The decision in *Solomons* v. *United States* was, however, directly in point, and the court made the following statement relative thereto (p. 435):

> "There is no doubt whatever of the proposition laid down in *Solomons case*, that the mere fact that a person is in the employ of the government does not preclude him from making improvements in the machines with which he is connected, and obtaining patents therefor, as his individual property, and that in such case the government would have no more right to seize upon and appropriate such property, than any other proprietor would have. On the other hand, it is equally clear that, if the patentee be employed to invent or devise such improvements his patents obtained therefor belong to his employer, since in making such improvements he is merely doing what he was hired to do. Indeed, the *Solomons case* might have been decided wholly upon that ground, irrespective of the question of estoppel, since the finding was that Clark had been assigned the duty of devising a stamp, and it was understood by everybody that the scheme would proceed upon the assumption that the best stamp which he could devise would be adopted and made a part of the revised scheme. . . ."

From the above review of the decisions of this court, it will be noted that in the two cases in which alone was adjudicated the right of an employer to an assignment of a patent covering the invention of an employee, it was held that in the absence of an express agreement, an employer was not entitled to an assignment of the employee's patent.

It will further be noted that the consideration which

controlled the employer engaging the employee was that he was especially qualified to make desired improvements in the machinery or products of the employer, and the inventions directly resulted from the performance by the employee of the special work for which he was employed.

In the three decisions in which the suggestion is made that an employer is entitled to a patent covering an employee's invention when the employee was especially engaged for certain specific work in the performance of which he made the invention, such question was not at issue, but merely the right of the employer, the United States, to licenses under the patents obtained by the employees covering inventions made during their employment by the government.

If there is any conflict, therefore, between *Hapgood* v. *Hewitt,* and *Dalzell* v. *Dueber,* on the one hand, and *Solomons* v. *United States, McAleer* v. *United States,* and *Gill* v. *United States,* on the other, the former decisions should control, inasmuch as they directly adjudicate that the employer was not entitled to an assignment of the patent of the employee in the absence of an express agreement to that effect, whereas any statements in seeming conflict therewith in the other decisions were purely *obiter dicta.*

The decisions of this court in *Hapgood* v. *Hewitt* and *Dalzell* v. *Dueber* have been followed in various decisions of Courts of Appeal, and no decision of a Federal court has been found in which, in the absence of an express agreement, an employer has been held entitled to an assignment of a patent covering an invention made by an employee, regardless of whether the employment was general, or for the special purpose of developing or devising certain specific machines, processes or improvements.

The Court of Appeals for the Sixth Circuit in *Barber* v. *National Carbon Company et al.*, 129 Fed., 370, followed the decision in the *Hapgood* v. *Hewitt* case, and held, through Judge Lurton, as follows:

> "The business of the Carbon Company was not the making or selling of machinery or mechanism for any purpose. They were engaged in making carbons. The plea states this and that a part of the process consisted in electroplating such carbons. The plea then avers that Barber agreed to give his 'skill, attention, and inventive ability to the service of said defendant company *in and about the cheapening and improving of* the process of electroplating, and other processes in the manufacture of carbons.' At most the employment was for this purpose. Why shall we deduce the conclusion that anything more than a license to use such inventions as he should make in the business of the company would result from an agreement of that kind? . . . This brings us to the scope of the license implied from the circumstances as established by the evidence in support of the plea. The evidence does not show any contract by which Barber was to make inventions or devote his inventive faculties to the service of the Carbon Company, or any agreement that any inventions should belong to the employer, or any patent which he should obtain thereon. It does show that he was employed because he was a mechanical engineer, and that he was expected to devote his time and service to the cheapening of the processes used by the Carbon Company. *But nothing was said upon the subject of inventions, or the use of his inventive faculties for their benefit, unless an agreement to devote his knowledge, skill and service to the cheapening and improving of the processes used in the factory involves the inventive faculty also.*" (Italics ours.)

The Court of Appeals for the Third Circuit in *Pressed Steel Car Company* v. *Hansen*, 137 Fed., 403, carefully reviewed the decisions of this court in *Hapgood* v. *Hewitt*, as well as those in *Solomons* v. *United States*, and *Gill* v. *United States*, and held that the Pressed Steel

Car Company was not entitled to an assignment of patents covering inventions made by Hansen during his employment by the Pressed Steel Car Company, although Hansen admitted that during his employment he had charge of all the departments so far as the mechanical end of the business was concerned, and that it was well within his duties to "improve or assist in improving the manufactured products of the company" and also "the matter of devising, designing cars, or parts thereof."

Petitioner in its brief relies upon a decision of the New York Supreme Court in *Air Reduction Co.* v. *Walker* (195 N. Y. Supp., 120). In its opinion the court expressly admitted that its decision was at variance with the decisions of this court in *Dalzell* v. *Dueber* and *Hapgood* v. *Hewitt*, as well as the decisions of the Circuit Court of Appeals for the Third Circuit in *Pressed Steel Car Company* v. *Hansen*, and that of the Sixth U. S. Circuit Court of Appeals in *Barber* v. *National Carbon Co.*

The principles of law underlying the right of an employer to the assignment of a patent covering an invention made by an employee are those relating to the specific performance of a contract and the existence of an implied contract.

Whether one is employed to accomplish certain definite things, such as the development of a process or apparatus to be used by the employer, and during such special employment makes the invention, or whether he is employed generally and makes the invention while performing his regular duties, or as an incident to the performance of his regular duties, there is no difference in the principles that an agreement will be implied only in accordance with the intentions of the parties, and an agreement will only be specifically enforced when its terms clearly and definitely contemplate the doing of the thing sought to be enforced.

It is therefore urged on behalf of respondent that there is no sound basis for the contention of petitioner that the well established rule, that a patent will not be ordered assigned by an employee to an employer in the absence of an express agreement to that effect, is subject to the exception that the patent will be ordered assigned to the employer without any express agreement to that effect when the inventor was employed to make improvements in, or to develop, machines and processes for use in the business of the employer.

Laches.

Equity will deny relief to one who is guilty of laches. The length of the delay which will constitute such laches as to debar equitable relief is controlled by what occurred during the period of delay. A comparatively short delay will create such laches where during such delay rights adverse to those of the party seeking equity have accrued to others.

As early as March 26, 1917, the Hess-Pontiac Spring & Axle Company was definitely and positively informed by Peck that he did not regard said company as entitled to an assignment of the patent in suit, and neither said company nor its alleged successor in business, the petitioner herein, took any action to assert its alleged right to the title of the said patent, and so far as the record discloses, made no claim whatever to the title to the patent in suit until June 10, 1920, when the answer and counterclaim were filed in this suit.

The petitioner alleged in its said answer and counterclaim as follows:

> "Sixth. Defendant is informed and believes and, therefore, avers that said plaintiff has, during the years 1919 or 1920, or both, represented himself to others to be the true and rightful owner of said pat-

ent No. 1,249,473, and has sold rights under said patent, and that such sale of rights has yielded or will yield to plaintiff certain moneys, the exact amount of which is unknown to the defendant." (R. 6.)

From the foregoing statement, it appears that during the delay on the part of petitioner in asserting, or giving notice of, its claim of ownership of the patent in suit, the rights of others under said patent accrued. In the absence of any assertion of title by petitioner, respondent was entirely justified in representing to others that he was the true and rightful owner of the patent in suit, and those who acquired rights under said patent from Peck, should not be divested of such rights through the belated action of the petitioner in asserting its alleged title to said patent.

That third parties during such delay on the part of petitioner acquired substantial rights is evident from the assertion made by petitioner that the rights granted by Peck under his said patent had yielded, or would yield, to him certain moneys.

Petitioner urges that its equities are such that the Peck patent should be assigned to it as otherwise it, although the successor of Peck's employer, would be deprived of the right to build and use machines embodying inventions made by Peck during his employment by the Hess-Pontiac Spring & Axle Company.

Others have equities superior to the alleged equity of petitioner. The respondent himself, having faithfully performed his part of the contract of August 23, 1915, and through his efforts secured a saving to his employer of sixty-six per cent. in the direct cost of labor required in the manufacture of its products, received as his entire compensation for a year and eight months' work the sum of $6,600.

The patent in question covered not merely the machine

which he developed and built for his employer, but covered a much broader invention.

The Court of Appeals for the Sixth Circuit said (R. 39):

> " . . . Peck's invention, as made and patented, extends beyond the field of the contract and of the employer's business. The making of automobile springs is only one of the purposes for which the patented machine may be used. Many of its claims reach its use merely as a forming or die machine in any factory for any purpose."

There are also the equities of the third parties who have acquired rights under the Peck patent, and of which rights they would be deprived by a decree ordering the assignment of the patent to petitioner.

And above all, there are the rights of the public in general accruing from the great benefits and advantages conferred by inventions. Such rights of the public can only be preserved by encouraging inventors through securing to them the greatest protection which the patent law affords, and not depriving them of their inventions without adequate consideration.

Lack of Consideration.

Petitioner's counsel repeatedly urge in their brief that the contract of August 23, 1915, did not necessarily contemplate the making of patentable inventions by Peck, and the fact that patentable inventions did result was merely "a matter of accident and not design."

The consideration which Peck received under his contract was therefore for the work which he did for his employer without regard as to whether or not he might make any patentable inventions. If Peck had made no patentable inventions, the consideration which he would have received under the contract would have been no less

than if he made patentable inventions. There has, therefore, passed no consideration whatever to Peck from his employer to support the assignment by him of the patent in suit.

The facts in the case at bar bring it within the decision of this court in *Dalzell* v. *Dueber,* 149 U. S., 315, from which the following quotation is made (p. 323):

> "Bearing in mind that there was no proof whatever of any previous agreement between the parties on the subject, the contract as alleged in the bill and testified to by Dueber, by which Dalzell is said to have voluntarily offered, with no other motive than to prevent workmen from injuring the Dueber Company by communicating the inventions to rival companies, and for no other consideration than the payment by the Dueber Company of the expenses of obtaining patents, and without himself receiving any consideration, benefit or reward, and without the company's even binding itself, for any fixed time, to pay him the increased wages, or to keep him in its service, is of itself highly improbable; and it may well be doubted whether, if such a contract were satisfactorily proved to have been made, a court of equity would not consider it too unconscionable a one between employer and employed, to be specifically enforced in favor of the former against the latter. *Cathcart* v. *Robinson,* 5 Pet. 264, 276; *Mississippi & Missouri Railroad* v. *Cromwell,* 91 U. S., 643; *Pope Manuf. Co.* v. *Gormully,* 144 U. S., 224."

Shop-Right of An Employer Not Transferable.

In reversing the decision of the trial court, the Circuit Court of Appeals not only held that title to the patent in suit was properly in plaintiff-respondent, but also held that:

> "As to the last four machines, it must be held that such a license to construct the patented invention, for use in the business of the employer, as the Pontiac Company had, was not assignable and could

not have passed to the defendant by the ordinary purchase and sale of a business." (R. 40.)

The four machines referred to were those built and put into use at Cleveland, Ohio, in 1919, by the defendant, as established by the testimony of respondent's witnesses Beckman and Becker. (R. 13.)

Respondent was never employed by the petitioner, and even though as alleged in the counterclaim respondent succeeded to the entire assets of the business and goodwill of the Hess-Pontiac Spring & Axle Company's Peck's employer, and the Western Spring & Axle Company, it did not thereby acquire the shop-right which the Hess-Pontiac Company undoubtedly acquired under the inventions made by Peck during his brief period of employment.

The decision of the Court of Appeals on this point is in full accord with the recognized law. This court in *Hapgood* v. *Hewitt, supra,* held (p. 234):

> "Whatever license resulted to the Missouri corporation, from the facts of the case, to use the invention, was one confined to that corporation, and not assignable by it. *Troy Iron & Nail Factory* v. *Corning,* 14 How. 193, 216; *Oliver* v. *Rumford Chemical Works,* 109 U. S. 75, 82. The Missouri corporation was dissolved. Its stockholders organized a new corporation under the laws of Illinois, which may naturally have succeeded to the business of the prior corporation, but the express averment of the bill is, that it took by assignment the rights it claims in this suit. Those rights, so far as any title to the invention or patent is concerned, never existed in the assignor. As to any implied license to the assignor, it could not pass to the assignee."

It has been held that an employer's shop-right only exists as to such embodiments of the invention of an employee as were made during the period of employment. In *City of Boston* v. *Allen,* 91 Fed., 248, the United States

Circuit Court of Appeals for the First Circuit, the court held that the City of Boston was entitled to continue to use a gangway for ferries embodying an invention of the city engineer, and which was installed during his employment, *but was not entitled to use an embodiment of the same invention installed subsequent to the employment of the engineer.* The court in its opinion said:

> ". . . According to that rule, an implied license, if it relates to an improvement in the process, ordinarily authorizes the employer to continue to practice the process during the whole period of the patent. This follows because the subject-matter is indivisible; but, *if the invention pertains to a machine,* it is understood, ordinarily, *that only the specific machine or machines* which have been set up during the time of the employment are protected. *Such is the ordinary rule, and it is plainly based on a sound discretion.* It is, of course, more a rule for the application of facts than a rule of law, and therefore it is not rigid. When the patented matter is a product, particularly if it is a minor product, or even if it is a minor machine, so that in either case it is used in quantities, like the stop-valve in *Lane & Bodley Co.* v. *Locke,* 150 U. S. 193, 14 Sup. Ct. 78, already cited, its unlimited use during the time of employment may raise an implication of fact in favor of a license for a time likewise unlimited, as in the case of a process; but in the suit at bar the device used at the North Ferry must be regarded as a machine within the meaning of the rule stated by Judge Lowell. *We are unable to perceive that the permitted use of one or more devices in issue at one locality in 1882 or 1883 raised any presumption, either of law or fact, in favor of a permission to use others at another locality some years later, or that there is anything in the record which called upon the court below to give the ruling requested by the defendant below relating to this subject-matter."* (Italics ours.)

In *Barber* v. *National Carbon Co.,* 129 Fed., 370, the United States Circuit Court of Appeals for the Sixth Circuit held that the shop-right or implied license of the em-

ployer was limited to the use of machines embodying the employee's invention, which had been constructed, or the construction arranged for, during the period of employment. The court said:

> "In view of the fact that buildings specially designed for the use of Barber's process and apparatus were constructed under his direction, we think the presumption is that he intended to grant to the carbon company the right to use his process in connection with the machines, for which space in the several factories had been specially arranged with his knowledge and under his direction. The right of use presumed is the right to use such number of machines as had been prepared for, and that the right is not limited to the life of the particular machine, but will include replacements so long as the carbon company continues in the manufacture of carbons. The scope of the license therefore includes the seventh machine, constructed after Barber was discharged, to occupy the place prepared for it under Barber's direction. By his conduct, Barber has estopped himself from asserting that the use of his invention to this extent is an infringement of his right as a patentee."

The subject of shop-right is also fully discussed and the authorities reviewed in *McGill* v. *United States*, 160 U. S., 426, and in *Pressed Steel Car Co.* v. *Hansen*, 137 Fed., 403.

Any license under a patent is unassignable unless the right is expressly given to the licensee to assign the license. The shop-right being an implied license is, therefore, not assignable to the employer, and does not pass to the employer's successor unless the inventor acquiesces in the shop-right inuring to the benefit of a successor through his employment by the successor and acquiesces in its right to use the invention.

This court, in *Lane & Bodley Co.* v. *Locke*, 150 U. S., 193, held where an inventor had continued in the employ of the successor of a company

by which he was employed when he made the invention, and acquiesced in the successor's use of his invention, his successor acquired a shop-right under the invention. In this decision, however, it clearly appeared that the shop-right passed to the successor only because the inventor had continued in its employ and had acquiesced in its use of the invention.

In *Rowell* v. *Rowell*, 122 Wisconsin, 21, it was held that a firm's perpetual implied license to manufacture under patents issued to its employees was not transferable at the sale of the firm's assets on the death of one of the parties.

The law as to a license being unassignable was well stated by the United States Circuit Court of Appeals for the Eighth Circuit in *Bowers* v. *Lake Superior Contracting & Dredging Co.*, 149 Fed., 983, as follows:

> "A license to use a patented invention that does not contain words importing assignability is a grant of a mere personal right to the licensee which does not pass to his heirs or representatives and which cannot be transferred to another without the expressed consent of the licensor. *Hapgood* v. *Hewitt*, 119 U. S. 227, 234, 7 Sup. Ct. 193, 30 L. Ed. 369; *Oliver* v. *Rumford Chemical Works*, 109 U. S. 75, 82, 3 Sup. Ct. 61, 27 L. Ed. 862; *Troy Iron & Nail Factory* v. *Corning*, 14 How. (U. S.) 193, 216, 14 L. Ed. 383."

In view of the foregoing authorities it is very clear that the only rights which The Hess-Pontiac Spring & Axle Company ever acquired under the patent was a shop-right, or non-exclusive, non-assignable license, which was entirely personal to it and non-assignable to the petitioner herein.

Procedure Under Equity Rule 30.

The petitioner took no evidence before the trial court and relied on only one defense, namely, that it was the equitable owner of the invention covered by the plaintiff's patent, and therefore entitled to a decree ordering the plaintiff to assign to it title to the patent in suit.

The Court of Appeals for the Sixth Circuit, after a very thorough and painstaking review of the authorities, held against petitioner as to its sole defense. The Court of Appeals, however, stated:

> "Since the burden was on the defendant to establish a valid license, a decree for the plaintiff as to these four machines would be technically justified upon this record; but we are not satisfied to have final disposition made in that way. To apply our view of the law to the proofs as they were shaped and allowed to remain, in dependence upon the somewhat different view of the court below, might result in distinct injustice. Defendant may be advised that it can abandon any further claim of license as to these four machines and contest the patent on its merits,—a matter about which we express no opinion, —and otherwise it is clearly open to defendant to make what effort it can to establish a license on the theory of estoppel by reason of Peck's knowledge of the building of these four machines without objection,—if such knowledge and conduct occurred,—or on the theory of a practical consolidation of the Pontiac Company with the present defendant,—if their relationship has that character.
>
> "The decree below is reversed and the record remanded for further proceedings in accordance with this opinion." (R. 40, 41.)

The Court of Appeals, therefore, held that although the petitioner had elected to stand on a single defense which had been held untenable by the Court of Appeals after final hearing, nevertheless petitioner was entitled

to go back to the trial court for a retrial and then set up other defenses than the one on which it had elected to rely.

The bill of complaint made a general charge of infringement, and defendant was at liberty under Rule 30 to set up as many defenses, regardless of consistency, as it deemed essential to its defense.

The defendant chose to rely wholly on the contention that the contract between respondent and The Hess-Pontiac Spring & Axle Company created an equitable title in the said company which inured to the benefit of the defendant.

This allegation was made before the decision of the trial court and hence not "in dependence upon the somewhat different view of the court below." The petitioner had its opportunity before the trial court to contest the validity of the patent in suit, to establish estoppel, or to prove a practical consolidation of the Hess-Pontiac Company with it, but voluntarily selected from all such possible defenses the one which the Court of Appeals held insufficient.

The procedure adopted by the Court of Appeals in this case would permit the piecemeal trial of cases and result in encouraging defendants to disregard the evident intent of Equity Rule 30 by relying merely upon one defense, and if unsuccessful in that, then asserting other defenses which were available to it at the original trial.

The decision of the Court of Appeals in sanctioning such procedure is in direct conflict with the decision of the Court of Appeals for the Third Circuit in the recent case of *Landis Tool Company et al.* v. *Ingle,* 286 Fed., 5.

The facts in that case parallel the facts in the case at bar, in that the defendant, after solely relying for its defense in the trial court upon its claim to ownership of the patent in suit, which defense was not sustained by

the Court of Appeals, endeavored to secure a retrial in the District Court to present other defenses which were available to it, but which it elected not to present at the original trial. The Court of Appeals for the Third Circuit in its opinion in the said case held:

> "Between the filing of the opinion of this court indicating a reversal of the first decree of the District Court and the entry of the second or interlocutory decree, the defendants, by a series of applications in both the District Court and this court, endeavored to procure an opening of the case and obtain a rehearing on an amended answer questioning for the first time the validity of the patent. In none of these moves have they prevailed because this court was, and still is, of opinion that the Landis Tool Company, not through mistake but deliberately and with obvious purpose, chose to stand on its claim of title. It did not attack the validity of the patent for, claiming the patent as its own and making a countercharge of infringement, it wanted its validity sustained. This is evidenced by its prayers for injunctive relief against the complainant and for assignment of the patent. Having gone to trial on an issue of its own selection, obtained a decree in its favor in the District Court and defended that decree on appeal, it cannot now, after reversal, open the case which has been finally closed, plead a new defense clearly available at the beginning—and for several years after—and try the case again." New Equity Rules, Rule 30 (201 Fed. v, 118 C. C. A. v).

The decision of the Court of Appeals in the case at bar and that of the Court of Appeals for the Third Circuit in the said decision are therefore in direct conflict as to procedure under Equity Rule 30.

Inasmuch as this court promulgated the rules of practice for the courts of equity of the United States, it is submitted that contestants in equity cases are entitled to a ruling by this court as to whether the practice in the case at bar, or the diametrically opposite procedure approved by the Court of Appeals of the Third Circuit, is correct.

The procedure authorized by the Court of Appeals in the case at bar is in direct conflict with the well recognized procedure in granting new trials because of alleged new evidence. The evidence must not only not have been presented at the original trial, but must have been newly discovered; could not have been sooner discovered by the exercise of reasonable diligence; and must be material and pertinent and of such character as to have probably resulted in a different decision from that rendered.

Under the procedure directed by the Court of Appeals in this case, a new trial is ordered without any allegation of newly discovered evidence.

It was the obvious purpose and intent of this court in promulgating the equity rules to simplify equity proceedings and shorten the litigation necessary to arrive at a decision. With such intention in view, Rule 30 provided:

> "The answer may state as many defenses, in the alternative, regardless of consistency, as the defendant deems essential to his defense."

The salutary result apparently sought to be secured by the above rule would be negatived if a defendant may present different defenses in successive trials, which defenses were available to it at the original trial.

Conclusion.

It is submitted in conclusion that the decision of the Court of Appeals for the Sixth Circuit should be affirmed in so far as it reverses the District Court, and only reversed in so far as it remands the case for retrial.

Respectfully,

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Counsel for Respondent.

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No. 160.

In the Supreme Court of the United States

OCTOBER TERM A. D. 1923.

THE STANDARD PARTS COMPANY,
a corporation,
Petitioner,

vs.

WILLIAM J. PECK,
Respondent.

BRIEF FOR THE STANDARD PARTS COMPANY.

A. V. CANNON,
JOHN M. GARFIELD,
Attorneys for Petitioner.

JAMES P. WOOD,
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WILLIAM J. PECK,
Respondent.

BRIEF FOR THE STANDARD PARTS COMPANY.

May it please the Court:

This cause relates to an alleged infringement of Letters Patent 1,249,473, issued December 11, 1917, to the respondent, and is before the Court, on a writ of certiorari to the Court of Appeals of the Sixth Circuit, for review of the decision of said Court of Appeals reversing the decree of the District Court which allowed your petitioner's counterclaim for an assignment of the title to said patent.

STATEMENT OF THE CASE.

On August 23, 1915, the respondent, William J. Peck, of Peoria, Illinois, a machine designer and patent attorney (record, 10) entered into a contract with The Hess-Pontiac Spring and Axle Company, a Michigan Corporation having a spring manufacturing plant at Pontiac, Michigan, the body of which contract was as follows (Record, 7):

"This agreement witnesseth, that second party (Peck) is to devote his time to the development of a process and machinery for the production of the front spring now used on the product of The Ford Motor Company and *first party (Company) is to pay *second party for such services the sum of $300.00 per month.

That should said process and machinery be finished at or before the expiration of four months from Aug. 11, 1915, second party is to receive a bonus of One Hundred Dollars per month.

That when finished, Second party is to receive a bonus of Ten Dollars for each per cent of reduction from present direct labor as disclosed by the books of First Party."

Peck, for many years prior to making this contract, had been well known to the officials of the Company and the negotiations with him, on behalf of the Company, were conducted by Mr. E. J. Hess of Carthage, Ohio, who was the principal stockholder of The Hess-Pontiac Spring and Axle Company as well as an officer of the Hess Spring and Axle Company of Carthage, Ohio (Record, 12). Peck had been employed by the latter company for five years prior to 1912. (Record, 11.)

Peck proceeded under said contract to devise a process and machinery for making the front spring of the Ford automobile and was employed on this work for a period of one year and eight months and was paid for his services the sum of $6,000.00, plus a bonus of $660.00 —a total of $6,660.00 (Record, 8). During said period, Peck performed no work for the company except his duties in connection with said process and machinery. He did not, however, devote all of his time to this work

* In the original memorandum of the contract the terms "first party" and "second party" are here confused (see opinion by Westenhaver, J., Record, 15).

but continued to practice, during said period, as an attorney at law, and solicitor of patents, with offices at Peoria, Illinois, (Record, 8).

In the Spring of 1917 and about the time of the completion of Peck's services under said contract, Mr. Hess was conducting negotiations with The Standard Parts Company looking toward the consolidation of his Companies with The Standard Parts Company and at that time wrote to Peck for information regarding the patents for the process and machinery that Peck had developed under said contract. Peck refused the information requested and asserted that the patents were his personal property (plaintiff's exhibit 20, Record, 14).

At the trial in the District Court there were offered in evidence, on behalf of respondent, certain letters that had, during the period of performance of the contract, passed between the respondent and the Hess-Pontiac Spring and Axle Company. These letters were marked as plaintiff's exhibits 5 to 23, but, with the exception of exhibit 20, were not included in the transcript of the record as prepared for the Court of Appeals and do not appear in the transcript filed in this Court.

The District Court found that this correspondence

> "tends to show that plaintiff's invention is for the process and machinery developed in performing this contract; that the plaintiff has no other employment with the Axle Company and performed and was paid for no other duties except as he was obliged by the written contract; that he was engaged eighteen months in the development of the process and machinery under said contract and that since his contract was performed and his contractual relations with the Axle Company terminated, he has been paid a bonus of six hundred and sixty dollars by virtue of the last clause thereof. This

> evidence furnishes no aid in determining the question of ownership of the invention thus made, but does show that prior to the filing by plaintiff of his patent application, the Axle Company had asserted that any patentable invention in the process and machinery thus developed, belonged to it and that this claim was denied by plaintiff." (Record, 16.)

About the time of completion of Peck's services under said contract, to wit, March 12, 1917, the application for patent 1,249,473 was filed in the Patent Office and the patent issued December 11, 1917.

Prior to the commencement of this action the entire assets, business and good-will of the Hess-Pontiac Spring and Axle Company were transferred to The Standard Parts Company and the latter company thereby acquired all of the rights of the Hess-Pontiac Spring and Axle Company in and to said contract and in to said patent (Record, 5). These transfers were alleged in the petitioner's counterclaim, were not denied by the respondent in his reply thereto or otherwise, and hence are to be taken as admitted by the respondent.

The Standard Parts Company, after acquiring the Hess-Pontiac Spring and Axle Company, built four machines (testimony of Beckman and Becker, Record, 13) and Peck thereupon brought this action for infringement of patent 1,249,473. The answer of The Standard Parts Company denies infringement, also denies that Peck is the true owner of said patent, and sets up a counterclaim for the title to the patent, under the contract of August 23, 1915.

Upon a trial of the case Judge Westenhaver entered a decree dismissing the bill of complaint, sustaining the petitioner's counterclaim and ordering Peck to assign the patent, under the authority of *Solomons vs. United*

States (137 U. S. 342); *McAleer vs. United States* (150 U. S. 424); and *Gill vs. United States* (160 U. S. 426). Thereafter, upon an appeal taken by the respondent, the Circuit Court of Appeals for the Sixth Circuit reversed the decree of Judge Westenhaver and remanded the case for further proceedings in conformity with its decision. (282 Fed. Rep. 443)

ARGUMENT.

In the decision in the case of *Solomons vs. United States* (137 U. S. 342), rendered in 1890, the Supreme Court laid down the following as an existing rule of law:

> "If one is employed to devise or perfect an instrument, or means for accomplishing a prescribed result, he cannot, after successfully accomplishing the work for which he was employed, plead title thereto as against his employer. That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer. Whatever rights as an individual he may have had in and to his inventive powers, and that which they are able to accomplish, he has sold in advance to his employer."

This rule was affirmed in the case of *McAleer vs. United States* (150 U. S. 424), decided in 1893, and again in the case of *Gill vs. United States* (160 U. S. 426), decided in 1896, and so far as we have been able to ascertain has never been rejected or modified by this Court. The Court of Appeals, however, in deciding the present case, refused to accept the above rule although acknowledging that if it is the existing rule it governs the present case, their language on this point being as follows:

> "The supposed exception was formulated by Mr. Justice Brown in *Gill vs. United States,* 160 U.

S. 426, when he said on page 435, after stating the general rule that ordinarily the inventions and patents of the employee for improvements in the machine with which he is connected belong to him:

> 'On the other hand, it is equally clear that if the patentee be employed to invent or devise such improvements, his patents obtained therefor belong to his employer, since in making such improvements he is merely doing what he was hired to do.'

If this is to be taken as an accurate statement of the existing rule of law, it applies to the situation here involved and justifies the decree below. Whether it should be so accepted is a question of great general importance, which has received careful consideration in only one reported case, and which we think justifies a full discussion." Record, 31.)

The Court of Appeals then proceeded to analyze many of the reported cases and stated as its conclusions the following:

> "We conclude that the supposed exception cannot be accepted as an existing rule, and that an invention does not belong to the employer, merely by virtue of an employment contract, as well when that employment is to devise or improve a specific thing as when the employment is to devise improvements generally in the line of the employer's business. The contract of August, 1915, does not therefore, of its own force, convey to the employer the equitable title to the patentable inventions which Peck might make in the course of its execution, but gives to the employer a license only." (Record, 39).

The practical effect of this ruling is that the employer would never be entitled to patentable inventions made by an employee, under a contract to devise a specific thing for the employer, unless the contract con-

tained a specific provision to that effect. This, as will be shown, is a clear departure from the existing rules of law on the respective interests of the employer and employee in other forms of rights created as a result of the employment and raises the question as to why the rule as to patentable inventions should be different and not be based on the same fundamental equitable principles by which the ownership of other property rights are determined.

The present case is concerned with two distinct forms of intangible property: (1) the invention, (2) the patent. The invention is one thing and the patent is another. The right to the invention is governed by the common law while the right to obtain a patent for the invention is purely statutory. An invention may or may not be patentable, depending upon whether it meets the requirements of the patent statutes. An invention may be patentable in one country and not in another, and some countries do not grant patents for inventions.

In the present case we have on the one hand, a skilled designer of machinery, and on the other a corporation—an abstract person that functions only through the services performed by its employees. The corporation owns a plant in which it manufactures automobile springs. Its business reaches a stage where it requires new machinery for the more rapid and more economical manufacture of its product. It adopted the only means by which it could, at the time, procure this machinery—it employed the skilled designer of machinery to devise *for it* the improvements it required, and it made a written contract with this skilled designer under which he agreed "to devote his time to the development of a process and machinery for the production of the Front Spring now used on the product of The Ford Motor

Co." Under these circumstances it would seem only a matter of simple justice that all of the fruits of the venture should belong to the employer.

We believe that the parties in making the contract, as will be found from the instrument itself, contemplated the inventing of a new process and machinery although not necessarily contemplating that a patentable invention would be made.

According to the Standard Dictionary the word "development," which appears in the contract, means *the act or process of unfolding or bringing to light something unknown or unseen before* * * *. Peck's obligation under the contract was, therefore, to devote his time to devising a new process and machinery for the purpose specified—a process unknown or unseen before. This is simply a contract whereby Peck agreed to devote his time and skill to *inventing* a particular process and machinery, as before stated. We do not contend that it was a contract to make a *patentable* invention or a contract to procure a *patent*, but we do contend that the obligation means practically the same as if the word *invention* had been used instead of *development*. Standard Dictionary defines "invention" as *the act or process of inventing or finding out some new thing or way.*

Peck sold in advance to his employer his inventive powers and that which they were able to accomplish, and proceeded, at once, to devise the process and machinery in question. The first thing he did—even before the contract was signed——was to go around the country with Mr. Litchfield and visit other plants for the purpose of finding out what processes and machinery they were using (Record 11). Peck testified:

> "After our return from that trip I designed an outfit of machinery, which was subsequently built, and it was shortly after my return from this trip that the contract in question was entered into and the work proceeded under that contract." (Record, 11)

Thus it was ascertained, in advance, that the old processes and machinery used in other plants were not suitable and that it would be necessary to devise something new and, with this situation known to both parties, the contract to do this was entered into.

As a result of that contract, under which Peck received for his services the sum of $6,660.00, a new process and machinery were developed and thereafter, Peck, who was also a patent attorney, took out, for his own benefit, the patent which is here involved, although he knew, at the time, that the company claimed title to any patentable inventions involved in the process and machinery that he had been employed to devise.

The question now is: *Who is entitled to the patent?*

In an English Chancery case, *Bloxam vs. Elsee* (1 Carrington and Payne 558) decided about 1830, the court laid down this rule:

> "If a servant, while in the employ of his master makes an invention, that invention belongs to the servant; but, *semble*, that if the master employs a skillful person for the express purpose of inventing, that the inventions made by him will so much belong to the master as to enable him to take out a patent for them."

About the same time, the Supreme Court slightly broadened the above rule in favor of the employer, in the case of *McClurg vs. Kingsland* (1 Howard, 202). In that case, Harley, a workman employed in a foundry,

made an improvement in the process of molding certain articles and acquiesced in the use of the process in the business of his employer for a considerable period of time. The court held that the employer had acquired an irrevocable license to utilize the invention.

In *Hapgood vs. Hewitt* (119 U. S. 226), decided in 1886, it was held that the employer acquired only a license to utilize the employee's invention but here there was no contract to devise a particular thing. Hewitt was employed as superintendent of the employer's plant and had agreed that he could and would give to any manufacturer who should secure his services the benefit of his experience in devising and making improvements in the plows manufactured. Subsequently he was assigned the duty of improving a certain form of plow known as a sulky plow. The court held that there was no agreement that the title to inventions made by Hewitt should pass to the employer. The case differs from the one at bar in that Hewitt had general duties as superintendent and merely undertook to give his employer the benefit of his experience. In other words, Hewitt did not contract to devote his time to the solution of a specific problem to which his duties were to be confined, exclusively, as did Peck, who undertook to develop a specific process and machinery for a compensation that was agreed upon, in advance, and this compensation included a bonus for completing the work promptly and another bonus based on the savings effected by the process and machinery. Hewitt's compensation was for his services, generally, as superintendent and otherwise, and the case is more nearly analogous to *McClurg vs. Kingsland, supra.*

Hapgood vs. Hewitt has only been cited in one subsequent case by the Supreme Court and that was *Dalzell*

vs. Dueber (149 U. S. 315) in which the facts closely parallel those in *Hapgood vs. Hewitt*. These two cases come within the rule stated in *Solomons vs. United States, supra*, after the above-quoted rule to the effect that when one is employed to devise a *specific thing* he sells in advance whatever rights he has in and to his inventive powers and that which they are able to accomplish.

> "So, also, when one is in the employ of another in a certain line of work, and devises an improved method or instrument for doing that work, and uses the property of the employer and the services of other employes to develop and put in practicable form his invention, and explicitly assents to the use by his employer of such invention, a jury, or a court, trying the facts, is warranted in finding that he has so far recognized the obligations of service flowing from his employment * * * as to have given to such employer an irrevocable license to use such invention. The case of *McClurg vs. Kingsland*, 1 Howard, 202, is in point. (*Solomons vs. United States, supra*).

The right of an employer to the inventions made by an employee, hired to devise a specific thing, as defined in *Bloxam vs. Elsee, supra*, and in the *Solomons, McAleer* and *Gill* cases, is based on the same equitable principles as the right of a patron to the works of an artist whom he has commissioned to execute such works.

> "When an artist is commissioned to execute a work of art not in existence at the time the commission is given, there is a very strong implication that such work of art, when executed, sold, and delivered under the commission, is to belong unreservedly and without limitation to the patron, and that he may make or permit, to any extent, reproductions thereof; and the burden rests upon the artist to

prove that he retains a copyright therein. (*Dielman vs. White,* 102 F. 892)

There are even stronger equitable reasons, than controlled the above case, why the inventions made by Peck, who was hired to devise a specific thing for his employer, should belong to the employer, because the employer stood all of the expense of the enterprise, took all of the risk of failure and was obliged to pay Peck the agreed compensation even though he failed to produce a successful process and machinery.

If the process and machinery devised under the contract in question had not involved any *patentable* inventions then there would be no question as to the employer's right to utilize such process and machinery to any extent it saw fit and to transfer same to its successors in business, without obligation to the employee. The same would be true if the process and machinery devised had embodied patentable inventions *and no patents were obtained therefor.*

Let us assume, since the contract makes no mention of patents, that the parties, in making it, did not contemplate that the process and machinery to be developed would be patentable, but that Peck *happened* to devise, in performing the contract, a process and machinery that was patentable.

Is there any equitable reason why Peck, under these circumstances, should be permitted to take out for his own benefit, a patent for the process and machinery he had been hired to devise for his employer, and to thereby restrict the right of unlimited use of this process and machinery by the employer and of transfer to its successors in business, which the employer would have otherwise possessed had no patent been obtained? Should the *accident of patentability* of the process and machin-

ery and the will of Peck to take out a patent, be the means of depriving the employer of vital rights which it would have otherwise possessed as a result of the enterprise? We think that the propositions answer themselves and that equity will not permit Peck to take advantage of this situation for his own benefit and to the disadvantage of his employer. To hold that the employer only obtained a naked license which could not be transferred, as in the case of *Hapgood vs. Hewitt, supra,* amounts to practically putting Peck in absolute control of his employer's business, so far as its transfer to others was concerned and Peck did not hesitate about attempting to take advantage of such a situation, as is evidenced by the following taken from his letter to Mr. Hess, dated March 26, 1917 (Record, 15).

> "If the Western Spring & Axle Company desires to secure whatever of invention may be present, or to secure an exclusive license under any patents that may be issued, I shall be very glad to enter into negotiations with them to that end.
>
> In this connection if the Standard Parts Company has taken over the Western Spring & Axle Company and if the Standard Parts Company would like to secure any patents that may be issued on these machines, I would be glad to make the proper transfer for some of the Standard Stock or on any basis that would be mutually exceptable."

We have referred above to the *accident of patentability* and we believe that it was purely a matter of accident, in the present case, that a patent was obtainable, for the contract covered the development of a process and machinery for the particular purpose specified without specific mention of patents. The object of the employment was not to devise a process and machinery *for which a patent could be obtained* but a process and machinery *that would do the work required of*

it. Whether a patent could be obtained depended upon whether or not the process and apparatus invented satisfied the requirements of Section 4886, R. S.

> Sec. 4886. "Any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof, not known or used by others in this country, before his invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country, before his invention or discovery thereof, or more than two years prior to his application, and not in public use or on sale in this country for more than two years prior to his application, unless the same is proved to have been abandoned, may, upon payment of the fees required by law, and other due proceeding had, obtain a patent therefor."

The process and machinery developed by Peck were the same inventions whether they satisfied the requirements of Sec. 4886 or not. Through the granting of the patent it is to be presumed that these requirements were satisfied, but this matter is still open to question in the defense of a suit for infringement. In performing the contract Peck exercised his inventive powers in precisely the same way and to the same extent as if the results had *not* been patentable, so it is obvious that the patentability of the process and machinery is a matter of accident and not design.

To hold that, under the contract in question, the employer only obtained a license to use the invention, and did not obtain the property right in the invention, is to hold that the employer gets no greater rights by a contract under which the employee undertakes to devise a specific thing, for a stated compensation, than it would have in the case of an ordinary workman who makes an invention entirely outside his duties, as did Harley (*McClurg vs. Kingsland, supra*).

The injustice of this to the employer is obvious because such a license is ordinarily not transferable and we think that the Court of Appeals erred in holding, in the present case, that the employer only acquired a license.

A recent case in which the facts closely parallel those of the present case, is that of *Air Reduction Company vs. Walker,* (195 N. Y. Supp. 120), in which the employee was required to assign the patent to his employer. The following is quoted from the opinion of Justice Cropsey in that case:

> "* * * There was no express agreement making any invention of the defendant the property of the plaintiff, nor was there any express agreement that the defendant would assign to the plaintiff any patent he might obtain. But he was employed to give his time and scientific skill for the very purpose of trying to discover and invent some practical use for this gas. In other words, he sold his inventive powers to the plaintiff during the period of his employment. Under these circumstances I think there is an implied agreement that the results of defendant's work shall belong to plaintiff and that any patent obtained by defendant should be assigned by him. (*Annin vs. Wren,* 44 Run. 352; *Connelly Mfg. Co. vs. Wattles,* 49 N. J. Eq. 92; *Meissner vs. Standard Railway Equipment Co.,* 109 S. W. Rep. 730, Supreme Court of Missouri; *Dowse vs. Federal Rubber Co.,* 254 Fed. Rep. 308; *Famous Players-Lasky Corp'n vs. Ewing,* 194 Pac. Rep. 65, Cal.) No case in this state holding the contrary has been brought to the court's attention. *Clark vs. Fernoline Chemical Co.* (5 Supp. 190) decides only a question of pleading. Its statements upon this subject are purely *obiter.* There are decisions in some other jurisdictions which seem to be at variance with those above cited. (See *American Circular Loom Co. vs. Wilson,* 198 Mass. 182, 201; *Dalzell vs. Deuber Mfg.* Co., 149 U. S. 315; *Barber vs. National*

Carbon Co., 129 Fed. Rep. 370; *Pressed Steel Car Co. vs. Hansen*, 137 Fed. Rep. 403; *Holdreth vs. Duff*, 143 Fed. Rep.; *Hapgood vs. Hewitt*, 119 U. S. 226.) Some of these cases may be distinguishable, but even if they be not I believe the sounder rule is set forth in the cases first cited. Hence the plaintiff is not entitled only to a shop right to use the patent, but is entitled to own it outright, and hence should have judgment against the defendant, with costs. * * *"

An employee owes to the employer loyal and conscientious service in the employer's interest, within the scope of the employee's duties, and this applies with equal force to "brain workers" and ordinary laborers. The same principles that govern the relations of principal and agent, patron and artist, author and publisher and trustee and *cestui que trust* should control this case and, under these principles, if Peck made a patentable invention in performing his contract, the right to the patent belonged to the employer and Peck, in procuring the patent, in suit, in his own name and for his own benefit has violated his obligations under the contract and now holds the title to the patent, in trust for his employer's benefit.

In order to correct the wrong, the decree of the Court of Appeals should be reversed and Peck required to comply with the decree of the District Court.

Respectfully submitted,

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